

COUNTY OF FAIRFAX, VIRGINIA

**COMPLIANCE AUDIT PURSUANT TO
2 CFR PART 200 (SINGLE AUDIT REPORT)**

For the Fiscal Year Ended June 30, 2019

(With Reports of Independent Auditor Thereon)

**FAIRFAX COUNTY
SINGLE AUDIT REPORT
TABLE OF CONTENTS**

	Page
Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	3
Schedule of Expenditures of Federal Awards.....	5
Notes to Schedule of Expenditures of Federal Awards	21
Schedule of Findings and Questioned Costs.....	24
Status of Prior Audit Findings.....	29

**Report of Independent Auditor 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 Supervisors
County of Fairfax, 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 Fairfax, Virginia (the "County") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

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 did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 2019-001 and 2019-002 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 accompany schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

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*.

County's Response 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 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 "Cherry Bekant LLP". The signature is written in a cursive style with a long, sweeping underline.

Tysons Corner, Virginia
November 20, 2019

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Supervisors
County of Fairfax, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Fairfax, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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; 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 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

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 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 the County's internal control over compliance.

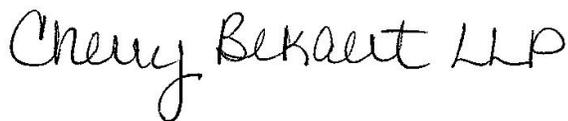
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 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 the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 20, 2019, 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 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 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.

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.



Tyson's Corner, Virginia
November 20, 2019

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Department of Agriculture								
Direct Awards:								
National School Lunch Program	10.555 ¹	Child Nutrition Cluster			\$ 4,537,896			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ²	SNAP Cluster			145,635			
Passed Through Commonwealth of Virginia:								
<u>Department of Agriculture and Consumer Services</u>								
Non-Cash Assistance: National School Lunch Program	10.555 ¹	Child Nutrition Cluster	04 754		4,136			
<u>Department of Education</u>								
School Breakfast Program	10.553	Child Nutrition Cluster	17901-40253		7,694,330			
National School Lunch Program	10.555 ¹	Child Nutrition Cluster	17901-40254		26,096,503			
Child and Adult Care Food Program	10.558 ³		4172		139,092			
Fresh Fruit and Vegetable Program	10.582		N/A		272,500			
<u>Department of Health</u>								
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		409WIC2018		3,505,868			
			409WIC2019					
			707AT-BP-FFX2019					
			707BN-BF-FFX2020					
Child and Adult Care Food Program	10.558 ³		10450		5,953,997			
			10450C					
			58870					
Summer Food Service Program for Children	10.559 ⁴	Child Nutrition Cluster	10010		938,131			
<u>Department of Social Services</u>								
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ²	SNAP Cluster	84322-90212		11,372,613			
			84403-90304					
			84404-90303					
			84903-92103					
			84904-92104					
			85503-91103					
			85504-91104					
			85803-91403					
			85804-91404					
Passed Through Capital Area Food Bank:								
Non-Cash Assistance: Child and Adult Care Food Program	10.558 ³		N/A		132,557			
Non-Cash Assistance: Summer Food Service Program for Children	10.559 ⁴	Child Nutrition Cluster	N/A		13,789			
Passed Through Local Environmental Agriculture Project Inc.:								
Food Insecurity Nutrition Incentive Grants Program	10.331		FINI-2018-01		15,178			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Total for Child Nutrition Cluster (10.553, 10.555, 10.559)						\$ 39,284,785		
Total for SNAP Cluster (10.561)						11,518,248		
1 - Total National School Lunch Program (10.555)							\$ 30,638,535	
2 - Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (10.561)							11,518,248	
3 - Total Child and Adult Care Food Program (10.558)							6,225,646	
4 - Total Summer Food Service Program for Children (10.559)							951,920	
Department of Commerce								
Passed Through Chesapeake Bay Trust:								
Chesapeake Bay Studies	11.457		NA12NMF4540218		6,375			
Department of Defense								
Direct Awards:								
Junior ROTC	12.000				568,887			
Army Youth Programs in Your Neighborhood	12.003				96,149			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556				820,721			
Invitational Grants for Military-Connected Schools	12.557				139,087			
Language Grant Program	12.900				3,720			
Department of Housing and Urban Development								
Direct Awards:								
Little River Glen Loans:								
Loans Beginning Balance	14.000			\$ 3,160,000	3,160,000			
Community Development Block Grants/Entitlement Grants	14.218 ⁵	CDBG - Entitlement Grants Cluster			3,695,905			
Community Development Block Grants/Entitlement Grants - Loans:								
Loans Beginning Balance	14.218 ⁵	CDBG - Entitlement Grants Cluster		19,366,912				
New Loans	14.218 ⁵	CDBG - Entitlement Grants Cluster		3,163,662	22,530,574			
Emergency Solutions Grant Program	14.231				484,130			
Home Investment Partnerships Program	14.239 ⁶				819,792			
Home Investment Partnerships Program - Loans:	14.239 ⁶							
Loans Beginning Balance	14.239 ⁶			9,222,294				
New Loans	14.239 ⁶			1,490,128	10,712,422			
Continuum of Care Program	14.267				1,957,890			\$ 1,833,764
Fair Housing Assistance Program State and Local	14.401				50,567			
Resident Opportunity and Supportive Services - Service Coordinators VA019RPS078A015	14.870				101,785			
Section 8 Housing Choice Vouchers	14.871	Housing Voucher Cluster			7,644,485			
Moving to Work Demonstration Program	14.881				51,378,893			
Family Self-Sufficiency Program	14.896				158,747			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Total for CDBG - Entitlement Grants Cluster (14.218)						26,226,479		
Total for Housing Voucher Cluster (14.871)						7,644,485		
5 - Total Community Development Block Grants/Entitlement Grants (14.218)							26,226,479	
6 - Total Home Investment Partnerships Program (14.239)							11,532,214	
Department of the Interior								
Direct Awards:								
Payments in Lieu of Taxes	15.226				6,585			
National Wildlife Refuge Fund	15.659				41,639			
Passed Through Alice Ferguson Foundation, Inc.:								
Natural Resource Stewardship	15.944		P15AC00001		1,500			
Department of Justice								
Direct Awards:								
Drug Court Discretionary Grant Program	16.585				102,739			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590				257,245			112,154
State Criminal Alien Assistance Program	16.606				1,018,346			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁷				133,526			
Harold Rogers Prescription Drug Monitoring Program	16.754				7,131			
Equitable Sharing Program	16.922				125,874			
Passed Through Commonwealth of Virginia:								
<u>Department of Criminal Justice Services</u>								
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		18-B3400JJ13		14,502			
Crime Victim Assistance	16.575 ⁸		18-B4118VW16 18-S3445SA16 19-T3445SA17 19-W9279VG17		761,005			
Violence Against Women Formula Grants	16.588		18-U9836VA17 19-V9836VA18 19-W9333VA18		42,081			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁷		18-A4347AD12 18-B4036AD15 19-A4668AD16		143,038			
<u>Department of Social Services</u>								
Crime Victim Assistance	16.575 ⁸		CVS-15-011-09		(13,121)			
7 - Edward Byrne Memorial Justice Assistance Grant Program (16.738)							276,564	
8 - Crime Victim Assistance (16.575)							747,884	

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Department of Labor								
Passed Through Commonwealth of Virginia:								
<u>Virginia Community College System</u>								
WIOA Adult Program	17.258	WIOA Cluster	LWDA 11-18-02		940,383			940,383
WIOA Youth Activities	17.259	WIOA Cluster	LWA 11-17 LWDA 11-18-01		1,051,030			793,104
WIOA Dislocated Worker Formula Grants	17.278	WIOA Cluster	LWD 11-17-02 LWDA 11-18-02 LWDA-11-17-01 VCW		1,370,238			945,864
Total for WIOA Cluster (17.218, 17.278, 17.279)						3,361,651		
Department of Transportation								
Direct Awards:								
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program - Loans:								
Loans Beginning Balance	20.223 ⁹			339,023,513				
New Loans	20.223 ⁹			84,854,921	423,878,434			
Federal Transit_Capital Investment Grants	20.500	Federal Transit Cluster			690,596			
Job Access And Reverse Commute Program	20.516	Transit Services Programs Cluster			487,515			
Passed Through Commonwealth of Virginia:								
<u>Department of Motor Vehicles</u>								
State and Community Highway Safety	20.600	Highway Safety Cluster	FPS-2018-58330-8330 FPS-2019-59224-9224 FSC-2019-59181-9181 SC-2018-58329-8329		37,436			
Alcohol Open Container Requirements	20.607		154AL-2018-58152-8152 154AL-2018-58331-8331 154AL-2019-59377-9377		996,894			
National Priority Safety Programs	20.616	Highway Safety Cluster	M6OT-2019-59183-9183		17,248			
<u>Department of Rail and Public Transportation</u>								
Highway Planning and Construction	20.205 ¹⁰	Highway Planning and Construction Cluster	UPC T207, 47018-05 UPC T207, 47019-04		429,305			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Department of Transportation</u>								
Highway Planning and Construction	20.205 ¹⁰	Highway Planning and Construction Cluster	UPC 50111		6,657,868			
			UPC 52041					
			UPC 58601					
			UPC 93146					
			UPC 94286					
			UPC 94287					
			UPC 99054					
			UPC 103262					
			UPC 103265					
			UPC 103276					
			UPC 103280					
			UPC 103281					
			UPC 103282					
			UPC 103283					
			UPC 103284					
			UPC 103285					
			UPC 104293					
			UPC 104294					
			UPC 105286					
			UPC 105288					
			UPC 105990					
			UPC 106143					
			UPC 106274					
			UPC 106474					
			UPC 106927					
			UPC 106928					
			UPC 106929					
			UPC 106933					
			UPC 106936					
			UPC 106937					
			UPC 106945					
			UPC 107436					
			UPC 107437					
			UPC 107438					
			UPC 107439					
			UPC 108493					
			UPC 108494					
			UPC 108495					
			UPC 108496					
			UPC 108497					
			UPC 108498					
			UPC 108499					
			UPC 108500					

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
			UPC 108501					
			UPC 108502					
			UPC 108720					
			UPC 109607					
			UPC 110477					
			UPC 114128					
Passed Through Metropolitan Washington Council of Governments:								
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Transit Services Programs Cluster	16-048		54,916			
			19-062					
Total for Highway Planning and Construction Cluster (20.205)						7,087,173		
Total for Federal Transit Cluster (20.500)						690,596		
Total for Transit Services Programs Cluster (20.513, 20.516)						542,431		
Total for Highway Safety Cluster (20.600, 20.616)						54,684		
9 - Total Transportation Infrastructure Finance and Innovation Act (TIFIA) Program (20.223)							423,878,434	
10 - Total Highway Planning and Construction (20.205)							7,087,173	
National Aeronautics and Space Administration								
Passed Through FIRST:								
Science	43.001		NNG06GA51A		22,000			
Department of Education								
Direct Awards:								
Impact Aid	84.041				5,033,185			
Passed Through Commonwealth of Virginia:								
<u>Department of Behavioral Health and Developmental Services</u>								
Special Education-Grants for Infants and Families	84.181		720-4515-14		2,123,006			
			720-4515-2019					
<u>Department of Education</u>								
Adult Education - Basic Grants to States	84.002		V002A160047		2,101,082			1,071,967
			V002A170047					
			V002A180047					
Title I Grants to Local Educational Agencies	84.010		S010A160046		20,639,138			
			S010A170046					
			S010A180046					
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		S013A160046		154,130			
			S013A170046					
			S013A180046					

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Special Education_Grants to States	84.027	Special Education Cluster (IDEA)	H027A150107		40,437,428			
			H027A160107					
			H027A170107					
			H027A180107					
Career and Technical Education -- Basic Grants to States	84.048		V048A160046		2,427,237			
			V048A170046					
			V048A180046					
Special Education_Preschool Grants	84.173	Special Education Cluster (IDEA)	H173A160112		803,357			
			H173A170112					
			H173A180112					
Education for Homeless Children and Youth	84.196		S196A170048		105,290			
			S196A180048					
Twenty-First Century Community Learning Centers	84.287		S287C150047		306,026			
			S287C160047					
			S287C170047					
			S287C180047					
English Language Acquisition State Grants	84.365		S365A150046		4,055,461			
			S365A160046					
			S365A170046					
			S365A180046					
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		S367A150044		3,119,284			
			S367A160044					
			S367A170044					
			S367A180044					
Preschool Development Grants	84.419		S419B150010		1,506,902			
Student Support and Academic Enrichment Program	84.424		S424A170048		1,507,856			
Total for Special Education Cluster (IDEA) (84.027, 84.173)						41,240,785		
Department of Health and Human Services								
Direct Awards:								
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243 ¹¹				616,038			
Head Start	93.600				9,725,439			1,647,169
Passed Through Commonwealth of Virginia:								
<u>Department for Aging and Rehabilitative Services</u>								
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		MOU-16-118		8,037			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		MOU-16-118		63,203			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		MOU-16-118 VICAP 15-181		2,066			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Aging Cluster	MOU-16-118 VICAP 15-181		758,397			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Aging Cluster	MOU-16-118		1,033,420			
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		MOU-16-118 VICAP 15-181		2,106			
National Family Caregiver Support, Title III, Part E	93.052		MOU-16-118		233,623			
Nutrition Services Incentive Program	93.053	Aging Cluster	MOU-16-118		308,649			
Medicare Enrollment Assistance Program	93.071		MOU-16-118 VICAP 15-181		65,749			
State Health Insurance Assistance Program	93.324		MOU-16-118 VICAP 15-181		26,884			
Medical Assistance Program	93.778 ¹²	Medicaid Cluster	MOU-16-118		15,361			
<u>Department of Behavioral Health and Developmental Services</u>								
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		720-4544		329,864			308,634
Projects for Assistance in Transition from Homelessness (PATH)	93.150		FY2018 DBHDS SPC 827		171,592			
Opioid STR	93.788		FY2019 DBHDS SPC 827 FY2018 DBHDS SPC 825		148,846			
Block Grants for Community Mental Health Services	93.958		FY2019 DBHDS SPC 825 FY2018 DBHDS SPC 824 FY2018 DBHDS SPC 871 FY2019 DBHDS SPC 871		1,648,791			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		FY2018 DBHDS SPC 818 FY2018 DBHDS SPC 872 FY2019 DBHDS SPC 872		3,129,872			
<u>Department of Education</u>								
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243 ¹¹		1H79SM061897		388,907			89,864

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Department of Health</u>								
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		409-775004		216,997			
			EP&R 2017-2022					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		409TB603GY18		199,422			
			409TB603GY19					
Immunization Cooperative Agreements	93.268		5NH23IP000763-05-00		73,460			
			FXCIAP607GY19					
			FXCIP1607GY19					
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health Funds (PPHF)	93.305		409CI532395		80,239			
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		6NU90TP921982-01-03		9,190			
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539		409IAP607GY17		(149)			
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	Maternal, Infant, and Early Childhood Home Visiting Cluster	705BJ632557		502,985			
HIV Prevention Activities Health Department Based	93.940		409HIV611GY18		2,132			
			409HIV611GY19					
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977		FRXDIS611GY18		35,257			
			FRXDIS611GY19					
Maternal and Child Health Services Block Grant to the States	93.994		705M-MCH2018		275,800			
			705P-MCH2019					

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Department of Social Services</u>								
Promoting Safe and Stable Families	93.556		84929-92129		39,495			
			85529-91129					
			86601-90359					
			86602-90360					
			86605-90361					
			86608-90393					
Temporary Assistance for Needy Families	93.558 ¹³	TANF Cluster	80801-90603		5,395,994			233,796
			84909-92109					
			84910-92110					
			84911-92111					
			84912-92112					
			84927-92127					
			85509-91109					
			85510-91110					
			85511-91111					
			85512-91112					
			85527-91127					
			86701-90621					
			87201-90365					
			87202-90366					
			87204-90367					
			87207-90377					
			87210-90364					
			87212-90391					
			BEN-16-047-07					
			CVS-16-056-13					
			CVS-18-210-09					
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		81901-90623		38,626			
			84913-92113					
			85513-91113					
Low-Income Home Energy Assistance	93.568		84914-92114		465,115			
			85514-91114					
Community Services Block Grant	93.569		CVS-18-210-09		593,379			593,379
Child Care and Development Block Grant	93.575 ¹⁴	CCDF Cluster	88801-90564		746,992			
			OECD-16-043-03					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster	84916-92116		624,761			
			84917-92117					
			84918-92118					
			85516-91116					
			85517-91117					
			85518-91118					
			88901-90566					

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Chafee Education and Training Vouchers Program (ETV)	93.599		86101-90353		53,710			
Adoption and Legal Guardianship Incentive Payments	93.603		82001-90651		1,023			
Stephanie Tubbs Jones Child Welfare Services Program	93.645		84931-92131		2,904			
Foster Care Title IV-E	93.658		85531-91131					
			81107-90636					
			81108-90637					
			81110-90639					
			81112-90657					
			81113-90658					
			81401-90638					
			81402-90640					
			81403-90635					
			81404-90656					
			81405-90655					
			84319-90209					
			84905-92105					
			84906-92106					
			84907-92107					
			84928-92128					
			84933-92133					
			84938-92138					
			84947-92147					
			85505-91105					
			85506-91106					
			85507-91107					
			85528-91128					
			85533-91133					
			85538-91138					
			85547-91147					
			85805-91405					
			85806-91406					
			85807-91407					
			85833-91433					
			85838-91438					
			85847-91447					
			87301-90047					
			87302-90368					
			87303-90369					
			87502-90082					

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Adoption Assistance	93.659		81201-90606		3,436,546			
			81202-90627					
			81203-90607					
			84324-90214					
			84908-92108					
			85508-91108					
			85808-91408					
Social Services Block Grant	93.667 ¹⁵		81701-90648		2,982,317			
			82904-90357					
			83304-90340					
			84920-92120					
			84922-92122					
			84923-92123					
			84924-92124					
			84925-92125					
			84926-92126					
			84942-92142					
			85520-91120					
			85522-91122					
			85523-91123					
			85524-91124					
			85525-91125					
			85526-91126					
			85542-91142					
			86401-90351					
			89501-90379					
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		CVS-16-056-13		9,996			
Chafee Foster Care Independence Program	93.674		84934-92134		58,700			
			85534-91134					
			86201-90356					
Children's Health Insurance Program	93.767		84902-92102		287,440			
			85002-90161					
			85502-91102					
			85802-91402					

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Medical Assistance Program	93.778 ¹²	Medicaid Cluster	84323-90213 84901-92101 84946-92146 84950-92150 85001-90160 85501-91101 85546-91146 85550-91150 85801-91401 85846-91446 85850-91450		12,811,940			
<u>Office of Children's Services</u>								
Social Services Block Grant	93.667 ¹⁵		1300		405,752			
Passed Through Association of Food and Drug Officials: Food and Drug Administration Research	93.103 ¹⁶		G-T-1709-05673 G-SP-1709-05372		2,297			
Passed Through Child Development Resources: Child Care and Development Block Grant	93.575 ¹⁴	CCDF Cluster	ITSN-NOR-12 ITSN-NOR-17		428,121			
Passed Through National Association of County and City Health Officials: Medical Reserve Corps Small Grant Program	93.008		MRC 15-0169 MRC 16 - 0169C MRC 17 - 0169		4,317			
Food and Drug Administration Research	93.103 ¹⁶		2017-120803 2019-022205		15,113			
Passed Through The SkillSource Group, Inc.: Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		90FM0077-01-00		(2,788)			
Passed Through Virginia Early Childhood Foundation: Every Student Succeeds Act/Preschool Development Grants	93.434		PDG B-5		47,000			
Temporary Assistance for Needy Families	93.558 ¹³	TANF Cluster	1801 VATANF 1901 VATANF		12,000			
PPHF: Early Childcare and Education Obesity Prevention Program - Obesity Prevention in Young Children - financed solely by Public Prevention and Health Funds	93.742		65U58DP004102-05-02		1,093			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Total for Aging Cluster (93.044, 93.045, 93.053)						2,100,466		
Total for TANF Cluster (93.558)						5,407,994		
Total for CCDF Cluster (93.575, 93.596)						1,799,874		
Total for Medicaid Cluster (93.778)						12,827,301		
Total for Maternal, Infant, and Early Childhood Home Visiting Cluster (93.870)						502,985		
11 - Total Substance Abuse and Mental Health Services Projects of Regional and National Significance (93.243)							1,004,945	
12 - Total Medical Assistance Program (93.778)							12,827,301	
13 - Total Temporary Assistance for Needy Families (93.558)							5,407,994	
14 - Total Child Care and Development Block Grant (93.575)							1,175,113	
15 - Total Social Services Block Grant (93.667)							3,388,069	
16 - Total Food and Drug Administration Research (93.103)							17,410	
Corporation for National & Community Service								
Passed Through Social Finance, Inc.:								
Non-Cash Assistance: Social Innovation Fund Pay for Success	94.024		16PS188309		108,926			
Executive Office of the President								
Passed Through George Mason University:								
Research and Data Analysis	95.007		G1899ONDCP06A		23,437			
Passed Through Washington/Baltimore HIDTA:								
High Intensity Drug Trafficking Areas Program	95.001		I-2018TXFAIRFAX I-2019TXFAIRFAX		440,991			
Department of Homeland Security								
Direct Awards:								
National Urban Search and Rescue (US&R) Response System	97.025				2,051,247			
Assistance to Firefighters Grant	97.044				502,752			
Passed Through Commonwealth of Virginia:								
<u>Department of Emergency Management</u>								
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		PA-03-VA-4262		28,353			
Emergency Management Performance Grants	97.042		7456 7662 7774		133,457			
Homeland Security Grant Program	97.067 ¹⁷		SHSP 2017 SHSP 2017 7586 SHSP 2018 7843		236,270			
Passed Through Montgomery County:								
<u>Montgomery County Fire and Rescue</u>								
Non-Cash Assistance: Homeland Security Grant Program	97.067 ¹⁷		4FAUA6		1,450,872			
Passed Through District of Columbia:								

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Homeland Security and Emergency Management</u> Homeland Security Grant Program	97.067 ¹⁷		15UASI529-01 15UASI529-05 16UASI529-01 16UASI529-02 16UASI529-03 16UASI529-05 16UASI530-01 16UASI531-03 16UASI531-05 16UASI583-01 16UASI583-02 16UASI583-03 17UASI529-01 17UASI529-02 17UASI529-03 17UASI529-04 17UASI530-01 17UASI531-01 17UASI531-02 17UASI531-03 17UASI531-04 17UASI531-05 17UASI531-06 17UASI533-01 17UASI533-02 17UASI583-01 17UASI583-02 17UASI583-03 18UASI529-01 18UASI529-03 18UASI530-01 18UASI531-01 18UASI531-02 18UASI531-03 18UASI531-04 18UASI531-05 18UASI533-01 18UASI533-02 18UASI583-01 18UASI583-02 18UASI583-03 18UASI583-04 18UASI583-05		9,117,512			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
			SHSP 2018 7954					
17 - Total Homeland Security Grant Program (97.067)							10,804,654	
Agency for International Development								
Direct Awards:								
USAID Foreign Assistance for Programs Overseas	98.001				2,599,955			
					<u>\$ 759,132,874</u>			<u>\$ 8,570,078</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Total by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Fiscal year ended June 30, 2019

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes all federal grant activity of the County of Fairfax, Virginia ("County") and its component units. The County's reporting entity is defined in Note A, Part 1 of the County's basic financial statements.

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). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

(2) Summary of Significant Accounting Policies

Except for the beginning loan balances, expenditures reported on the accompanying Schedule are reported on the modified accrual basis of accounting as defined in Note A, Part 3 of the County's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited for reimbursement.

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

(3) Non-Cash and Other Programs

The Commonwealth of Virginia Department of Agriculture and Consumer Services, Food Distribution Program, administers the United States Department of Agriculture ("USDA") donated food program within the Commonwealth of Virginia. USDA provides values for all donated food. For CFDA #10.555, National School Lunch Program, the County received donated food for the fiscal year ended June 30, 2019. The value of the donated food is included on the accompanying Schedule.

The Capital Area Food Bank donated food to the County for the fiscal year ended June 30, 2019 under Child and Adult Care Food Program (CFDA #10.558) and Summer Food Service Program for Children (CFDA #10.559). The value of the donated food is included on the accompanying Schedule.

Social Finance, Inc. donated services to the County during the fiscal year ended June 30, 2019 under the Social Innovation Fund Pay for Success (CFDA #94.024) program. This program is to provide technical assistance services to governmental and nonprofit service recipients with developing outcomes rate cards. The rate cards can then be used in the procurement process to select multiple service providers to launch performance-based projects to achieve the defined outcomes. The value of these services is included on the accompanying Schedule.

The Homeland Security Grant Program (CFDA #97.067) is granted by the U.S. Department of Homeland Security to enhance the ability of state and local governments to prepare, prevent, respond to, and recover from terrorist attacks and other disasters. Several Washington, DC metropolitan jurisdictions receive funding under this program. For the fiscal year ended June 30, 2019, the County received donated equipment from Montgomery County, Maryland Fire and Rescue. The value of the donated equipment is included on the accompanying Schedule.

COUNTY OF FAIRFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Fiscal year ended June 30, 2019

(4) Loans

The U.S. Department of Housing and Urban Development has insured certain mortgage loan borrowings made by the County through the Fairfax County Redevelopment and Housing Authority (the "Authority") in connection with certain low income housing projects. The loan program under CFDA #14.248, Community Development Block Grant Section 108 Loan Guarantees, had an outstanding principal balance of \$8,245,000 at June 30, 2019. This loan does not have any continuing compliance requirements; therefore, it is not reported on the accompanying Schedule.

The Authority provides loans to qualified low income borrowers through CFDA #14.239, Home Investment Partnerships Program ("HOME"), to promote home ownership and provide assistance with down payments and closing costs. The outstanding principal balance of the HOME loans was \$10,424,547 at June 30, 2019. In FY 2019, loans made in prior years to partnership entities that are believed to be uncollectable were added to the Authority's loan tracking software and the County's financial system. Since there is no expectation of collecting these loans, a 100% allowance is reflected, and the value of \$7,545,190 is not included in the ending principal balance.

The Authority also provides loans to qualified low income homeowners or homeowners living in areas targeted for improvement, resulting in the elimination of health or safety code violations, through CFDA #14.218, Community Development Block Grants/Entitlement Grants ("CDBG"). The outstanding principal balance of the CDBG loans was \$18,285,887 at June 30, 2019. In FY 2019, loans made in prior years to partnership entities that are believed to be uncollectable were added to the Authority's loan tracking software and the County's financial system. Since there is no expectation of collecting these loans, a 100% allowance is reflected, and the value of \$2,553,420 is not included in the ending principal balance.

In addition, the Authority held Federal Housing Administration - insured mortgage revenue bonds secured by land, buildings, and equipment of \$2,890,000 at June 30, 2019. This is reported under CFDA #14.000.

On December 17, 2014, the Economic Development Authority and the County entered into a Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan agreement under CFDA #20.223 with the United States Department of Transportation. The TIFIA loan is for the aggregate principal amount of up to \$403.3 million. This loan is to fund the County's obligated project costs for the construction of Phase Two of the Metrorail Silver Line extension. The outstanding balance of the TIFIA loan was \$423,878,434 at June 30, 2019, which includes principal and capitalized interest. The maximum principal available on the loan was reached during FY 2019; therefore, no additional draws will be made against the loan. Under the terms of the loan agreement, the County will begin repayment on October 1, 2023.

(5) Transportation Grants

The County's transportation grants are typically multi-year projects with flexible funding sources that result in funding allocation changes throughout the life of the project. Accordingly, due to the inherent nature of these transportation grants, the County prepares the accompanying Schedule using the best information available at the time of reporting. In cases where it is difficult to identify the mix of federal and state money under the federal transportation program, the expenditure is reported on the accompanying Schedule.

COUNTY OF FAIRFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Fiscal year ended June 30, 2019

(6) Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, FEMA provides assistance under the federal program, Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA #97.036), to reimburse eligible costs associated with debris removal, emergency protective measures and the repair, restoration, reconstruction, or replacement of public facilities or infrastructure damaged or destroyed as a result of the federally declared disaster or emergency. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. For the fiscal year ended June 30, 2019, FEMA approved \$28,353 in eligible expenditures that were incurred in prior fiscal years for the County.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2019

(1) Summary of Auditor’s Results

Basic Financial Statements

- A. Type of report issued on the financial statements: **Unmodified**
- B. Internal control over financial reporting:
 Significant deficiencies identified that are not considered a material weakness? **Yes**
 Material weakness identified? **Yes**
- C. Noncompliance material to financial statements noted? **None Reported**

Federal Awards

- D. Significant deficiencies in internal control over major programs noted? **None reported**
- E. Material weaknesses in internal control over major programs noted? **No**
- F. Type of report issued on compliance for major programs:

Major Program	CFDA Number	Type of Report Issued
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	Unmodified
CDBG – Entitlement Grants Cluster	14.218	Unmodified
Home Investment Partnerships Program	14.239	Unmodified
WIOA Cluster	17.258, 17.259, 17.278	Unmodified
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	Unmodified
Special Education Cluster	84.027, 84.173	Unmodified
Impact Aid	84.041	Unmodified
Head Start	93.600	Unmodified
Adoption Assistance	93.659	Unmodified
Homeland Security Grant Program	97.067	Unmodified

- G. Any findings which are required to be reported under Section 200.516(a) of Uniform Guidance? **No**

H. Major programs are as follows:

- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (#10.557)
- CDBG – Entitlement Grants Cluster (#14.218)
- Home Investment Partnerships Program (#14.239)
- WIOA Cluster (#17.258, #17.259, #17.278)
- Transportation Infrastructure Finance and Innovation Act (TIFIA) Program (#20.223)
- Special Education Cluster (#84.027, #84.173)
- Impact Aid (#84.041)
- Head Start (#93.600)
- Adoption Assistance (#93.659)
- Homeland Security Grant Program (#97.067)

- I. Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**

- J. Auditee qualified as low-risk auditee? **No**

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2019

(2) Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding: 2019-001 – Material Weakness in Internal Control – **Financial Reporting**

Criteria: The Code of Virginia requires the County to file annual financial statements prepared in all material respects in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

Condition: Subsequent to the issuance of the financial statements for the year ended June 30, 2018, the County determined the reporting entity’s postemployment benefits other than pensions (“OPEB”) related deferred inflows and outflows of resources were overstated.

Cause: Internal controls over financial close and reporting process were not operating effectively to ensure the financial statements were prepared in all material respects in accordance with U.S. GAAP.

Effect: The reporting entity’s net position was understated by \$22.4 million as of July 1, 2018 and expenses for the year ended June 30, 2019 were understated by the same amount.

Recommendation: We recommend internal controls over the financial close and reporting process related to the accounting and reporting of the OPEB balances be strengthened to ensure the financial statements are prepared in all material respects with U.S. GAAP.

Management’s Response: Management agrees with the observations noted as they apply to the fiscal year 2018 reported balances. We note that this was the first year of implementation for this pronouncement, which involved establishing balances for classifications not previously reported. Although we began working with the actuarial vendor on the process, which included obtaining a pro-forma version of the reports to be provided and county staff developed pro-forma versions of the tables and the disclosures necessary to be in compliance with the statement requirements, unanticipated delays were encountered prior to receiving the final actuarial reports, which created reporting challenges.

As a result, subsequent to the issuance of the financial reports for fiscal year 2018, the County improved the process with the actuarial vendor. Through these efforts, along with having an additional year’s worth of data, we identified factors that resulted in the misclassification of certain items reported in the fiscal year 2018 financial report and determined the adjustments necessary to correct the balances.

The financial reporting control process has continued to improve in this area for fiscal year 2019. We worked closely with our actuarial vendor to obtain needed information in a timely manner. This allowed for additional staff analysis of the data received and helped to ensure the supporting documentation included all information necessary to perform an effective review of the amounts prepared for reporting within the Financial Statements.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2019

Finding: 2019-002 – Material Weakness in Internal Control – Park Authority (discretely presented component unit) Charges for Services and Unearned Revenues

Criteria: In order to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, revenue should be recognized in the period that the service has been provided to the customer.

Condition: Internal control processes in place did not ensure the accuracy of unearned revenues and charges for services balances related to summer classes, camps and programs, which were not properly recorded within the correct fiscal period's financial statements. This resulted in an understatement of the unearned revenue liability, an overstatement of charges for services revenue and an overstatement of beginning fund balance and net position in the Park Revenue and Operating Fund and the Government-Wide statements of the Park Authority for the fiscal year ended June 30, 2019.

Cause: Internal controls were not properly designed to ensure the accuracy of the unearned revenue and charges for services revenue for financial reporting purposes in the proper fiscal period.

Effect: These items resulted in a restatement of the net position of the government-wide activities and the fund balance of the Park Revenue and Operating Fund of the Park Authority as of June 30, 2018 of \$5,070,285 and the reduction of revenues for the year ended June 30, 2019 of \$712,200, resulting in unearned revenues of \$5,782,485 as of June 30, 2019.

Recommendation: We recommend that the internal controls for managing unearned revenues and charges for services be strengthened to ensure that unearned revenues related to summer classes, camps and programs are properly recorded in the financial statements in the correct time period.

Management's Response: The Park Authority agrees with this recommendation and has established a process and controls to recognize the revenues from class fees in the appropriate accounting period.

The account treatment decisions associated with the process that was previously in place (which recognized the revenue when the payment was received), may have been appropriate when implemented, but are no longer supported as changes in accounting practices have evolved. Increases in class and program offerings since the prior accounting treatment was instituted have increased the amount of the associated fees collected at year-end. The resulting increases in revenues collected during this period, along with new software system capabilities now in place can begin to capture and immediately recognize these collections and support the recommended change in accounting treatment.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2019

Finding: 2019-003 – Significant Deficiency in Internal Control – **Construction in Progress**

Criteria: Costs associated with capital projects should be recorded as construction in progress (“CIP”) until completion, at which point the asset should be placed into service and depreciated over its useful life.

Condition: For a sample of nine (9) CIP projects totaling \$75.5 million at June 30, 2019, we noted four (4) with a total balance of \$9.1 million which had been completed in prior years and not placed into service. Upon further analysis, we identified additional CIP projects totaling \$30.5 million without activity in the prior three (3) years.

Cause: Project managers did not timely notify the Department of Finance to place assets into service upon completion of capital projects.

Effect: At June 30, 2019, prior to our proposed audit adjustment recorded by the County, construction in progress was overstated and depreciable capital assets were understated by \$9.1 million.

Recommendation: We recommend the County implement a policy to ensure all capital projects are properly monitored so that they are timely placed into service and depreciated upon completion.

Management’s Response: Management concurs with the observations noted in this finding. The process to transition the CIP costs to a depreciable asset is done centrally, however, it is initiated by the decentralized agencies that oversee the projects. The decentralized process varies by agency and can involve multiple sections within those agencies. The Department of Finance, capital assets team (DOF) and the Department of Purchasing and Materials Management in conjunction with the Department of Management and Budget, FOCUS business support group, utilize a variety of methods to train and educate the decentralized staff involved in this process. DOF also does targeted outreach to agencies for projects identified as completed in project status reports or that appear to be complete based on spending activity. We have recognized there are still challenges in this area and are currently developing additional formalized training associated with capital assets and are developing an updated Financial Policy Statement on the topic. As part of DOF’s oversight process, efforts will include working with agencies to ensure that project managers provide comprehensive updated to the agency level financial staff.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2019

(3) Findings and Questioned Costs for Federal Awards

None reported.

COUNTY OF FAIRFAX, VIRGINIA

Status of Prior Audit Findings

Fiscal year ended June 30, 2019

Status of Prior Year Findings and Questioned Costs Relating to Government Auditing Standards

Finding 2018-001 – Significant Deficiency in Internal Control over Financial Reporting – Transactions with Component Units

Status: Corrective action was taken. Finding not repeated in current year.

Finding 2018-002 – Significant Deficiency in Internal Control over Financial Reporting – Prepaid Supplies Reconciliation

Status: Corrective action was taken. Finding not repeated in current year.

Finding 2018-003 – Significant Deficiency in Internal Control over Financial Reporting – Construction in Progress

Status: Corrective action was taken. Finding not repeated in current year.

Finding 2018-004 – Significant Deficiency in Internal Control over Financial Reporting – Purchase Orders

Status: Corrective action was taken. Finding not repeated in current year.

Status of Prior Year Findings and Questioned Costs Relating to Federal Awards

Finding 2018-005 – Eligibility for Medicaid Cluster (CFDA #93.778)

Status: Corrective action was taken. Finding not repeated in current year.

Finding 2018-006 – Housing Quality Standards (HQS) Enforcement Special Test for Housing Choice Voucher (CFDA #14.871)

Status: Corrective action was taken. Finding not repeated in current year.