



Review of Prior Year Results

June 4, 2025

Staci A. Henshaw, Auditor of Public Accounts

Zach Borgerding, Deputy Auditor for Human Capital & Operations

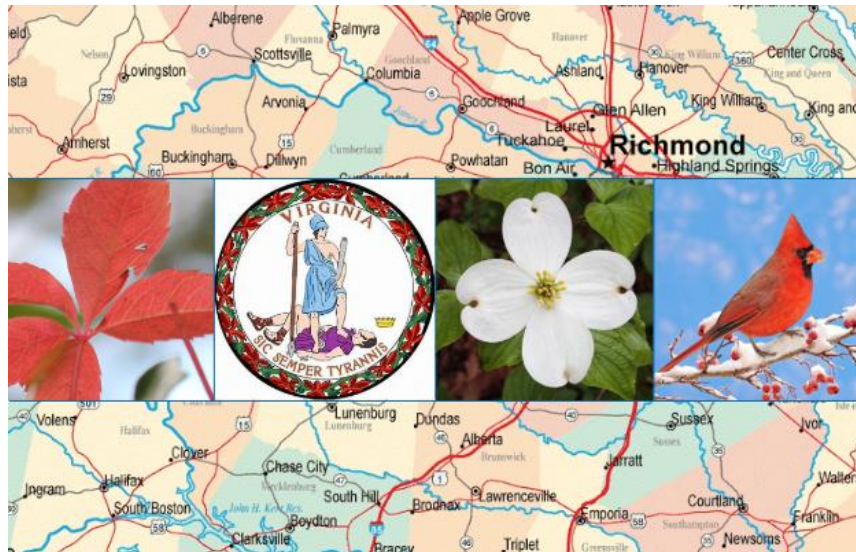
Overview of Prior Year Results Topics

- Local Government
- ACFR/Single Audit of Federal Funds
- Higher Education

LOCAL GOVERNMENT RESULTS

Comparative Report of Local Government

- Annually compile a report containing uniform financial data for Virginia's 133 cities and counties and 37 towns required to have an annual audit
- It is the only comprehensive published source of locality financial data and information



Example Comparative Report Exhibit

COMPARATIVE REPORT

EXHIBIT A: SUMMARY OF GENERAL GOVERNMENT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024

			Revenue												
			Exhibit B			Exhibit B-1			Exhibit B-1						
Population No.	(Note 1-B)	Locality City of:	Local Revenue	Per Capita	Percent of Revenue	From the Commonwealth	Per Capita	Percent of Revenue	Federal Pass- Through	Per Capita	Percent of Revenue	Direct Federal Aid	Per Capita	Percent of Revenue	Total Revenue
1	158,591	Alexandria	874,230,660	\$5,512.49	81.11	132,307,931	834.27	12.28	55,600,761	350.59	5.16	15,723,729	99.15	1.46	1,077,863,081
2	16,738	Bristol	63,948,744	3,820.57	52.34	42,335,876	2,529.33	34.65	14,022,205	837.75	11.48	1,861,925	111.24	1.52	122,168,750
3	6,523	Buena Vista	12,177,592	1,866.87	34.13	19,453,953	2,982.36	54.53	3,579,435	548.74	10.03	464,108	71.15	1.30	35,675,088
4	51,132	Charlottesville	239,937,280	4,692.51	66.41	92,159,991	1,802.39	25.51	21,259,423	415.78	5.88	7,938,220	155.25	2.20	361,294,914
5	252,478	Chesapeake	807,561,217	3,198.54	57.79	487,323,452	1,930.16	34.87	92,358,232	365.81	6.61	10,105,071	40.02	0.72	1,397,347,972
6	-	# Colonial Heights	-	-	-	-	-	-	-	-	-	-	-	-	-
7	5,567	Covington	21,666,135	3,891.89	67.23	6,405,092	1,150.55	19.88	1,170,444	210.25	3.63	2,983,922	536.00	9.26	32,225,593
8	42,248	Danville	125,191,140	2,963.24	41.72	144,510,982	3,420.54	48.16	19,537,854	462.46	6.51	10,826,648	256.26	3.61	300,066,624
9	-	# Emporia	-	-	-	-	-	-	-	-	-	-	-	-	-
10	23,750	Fairfax	170,141,829	7,163.87	83.34	21,632,808	910.86	10.60	12,058,340	507.72	5.91	312,152	13.14	0.15	204,145,129
11	15,675	Falls Church	114,987,024	7,335.70	83.59	17,705,715	1,129.55	12.87	1,826,994	116.55	1.33	3,045,668	194.30	2.21	137,565,401
12	-	# Franklin	-	-	-	-	-	-	-	-	-	-	-	-	-
13	27,711	Fredericksburg	125,608,820	4,532.81	66.05	46,157,960	1,665.69	24.27	16,369,946	590.74	8.61	2,035,670	73.46	1.07	190,172,396
14	6,822	Galax	20,625,162	3,023.33	43.42	19,219,366	2,817.26	40.46	6,855,030	1,004.84	14.43	805,999	118.15	1.70	47,505,557
15	136,895	Hampton	431,070,111	3,148.91	54.33	286,362,347	2,091.84	36.09	70,671,908	516.25	8.91	5,261,428	38.43	0.66	793,365,794
16	55,990	Harrisonburg	150,961,321	2,696.22	57.34	88,548,359	1,581.50	33.64	21,670,177	387.04	8.23	2,082,289	37.19	0.79	263,262,146
17	-	# Hopewell	-	-	-	-	-	-	-	-	-	-	-	-	-
18	7,331	Lexington	21,687,818	2,958.37	57.98	9,526,396	1,299.47	25.47	1,817,599	247.93	4.86	4,371,068	596.24	11.69	37,402,881
19	80,736	Lynchburg	218,723,231	2,709.12	54.18	137,183,317	1,699.16	33.98	29,215,374	361.86	7.24	18,607,161	230.47	4.61	403,729,083
20	42,571	Manassas	171,550,703	4,029.76	60.29	97,668,359	2,294.25	34.32	12,946,238	304.11	4.55	2,385,432	56.03	0.84	284,550,732
21	-	# Manassas Park	-	-	-	-	-	-	-	-	-	-	-	-	-
22	-	# Martinsville	-	-	-	-	-	-	-	-	-	-	-	-	-
23	182,268	Newport News	606,584,138	3,327.98	54.82	360,771,129	1,979.34	32.60	128,289,499	703.85	11.59	10,915,444	59.89	0.99	1,106,560,210
24	238,112	Norfolk	731,146,510	3,070.60	53.81	424,390,166	1,782.31	31.23	153,289,062	643.77	11.28	50,042,983	210.17	3.68	1,358,868,721
25	-	# Norton	-	-	-	-	-	-	-	-	-	-	-	-	-
26	34,157	Petersburg	79,264,733	2,320.60	40.44	84,580,656	2,476.23	43.15	32,149,216	941.22	16.40	-	-	-	195,994,605
27	12,648	Poquoson	38,664,800	3,056.99	56.44	23,334,377	1,844.91	34.06	1,491,772	117.95	2.18	5,015,392	396.54	7.32	68,506,341
28	96,085	Portsmouth	273,644,446	2,847.94	45.11	228,715,252	2,380.34	37.70	62,591,943	651.42	10.32	41,658,410	433.56	6.87	606,610,051
29	16,854	Radford	23,128,025	1,372.26	35.58	36,873,515	2,187.82	56.72	4,923,851	292.15	7.57	79,975	4.75	0.12	65,005,366
30	229,035	Richmond	964,019,504	4,209.05	58.83	407,629,829	1,779.77	24.87	139,157,470	607.58	8.49	127,956,018	558.67	7.81	1,638,762,821
31	-	# Roanoke	-	-	-	-	-	-	-	-	-	-	-	-	-
32	24,985	Salem	100,577,836	4,025.53	61.27	52,065,597	2,083.87	31.72	5,508,189	220.46	3.36	6,003,705	240.29	3.66	164,155,327
33	25,669	Staunton	71,678,429	2,792.41	55.87	48,283,220	1,880.99	37.63	7,554,591	294.31	5.89	782,619	30.49	0.61	128,298,859
34	100,690	Suffolk	361,203,133	3,587.28	61.07	187,707,232	1,864.21	31.73	39,739,156	394.67	6.72	2,849,592	28.30	0.48	591,499,113
35	453,605	Virginia Beach	1,524,028,455	3,359.81	61.40	724,366,750	1,596.91	29.18	147,293,060	324.72	5.93	86,346,998	190.36	3.48	2,482,035,263
36	22,651	Waynesboro	69,831,765	3,082.94	54.35	47,006,289	2,075.24	36.59	8,283,638	365.71	6.45	3,356,091	148.17	2.61	128,477,783
37	15,675	Williamsburg	57,219,662	3,650.38	78.02	13,142,535	838.44	17.92	2,775,431	177.06	3.78	197,479	12.60	0.27	73,335,107
38	28,734	Winchester	111,641,898	3,885.36	56.01	59,288,558	2,063.36	29.74	18,284,979	636.35	9.17	10,125,950	352.40	5.08	199,341,385
38	2,411,926	Total	\$ 8,582,702,121	\$ 3,558.44	59.21	\$ 4,346,657,009	\$ 1,802.15	29.99	\$ 1,132,291,817	\$ 469.46	7.81	\$ 434,141,146	\$ 180.00	2.99	\$ 14,495,792,093

Example Comparative Report Exhibit

COMPARATIVE REPORT
EXHIBIT B: LOCAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2024

No.	Locality City of:	General Property Taxes										Other Local Taxes (Exhibit B-2)		Percent of Revenue
		Real Property	Public Service Corporations	Personal Property - General	Personal Property - Mobile Home	Machinery and Tools	Penalties	Interest	Total General Property Taxes	Per Capita	Percent of Revenue	Per Capita	Percent of Revenue	
1	Alexandria	\$ 523,333,712	\$ 7,998,288	\$ 70,397,553	\$ -	\$ 813,901	\$ 3,397,505	\$ 790,851	\$ 606,731,810	3,825.76	69.40	\$ 159,079,093	1,003.08	18.20
2	Bristol	15,898,525	201,611	4,232,611	10,526	736,146	392,830	505,070	21,977,319	1,313.02	34.37	24,614,824	1,470.60	38.49
3	Buena Vista	4,409,104	242,670	1,759,547	-	357,923	77,808	40,786	6,887,838	1,055.93	56.56	1,897,828	290.94	15.58
4	Charlottesville	102,926,547	1,692,539	12,020,357	7,586	2,249,066	638,510	231,665	119,766,270	2,342.30	49.92	59,249,526	1,158.76	24.69
5	Chesapeake	373,869,514	11,980,364	94,837,851	141,143	3,890,752	3,805,037	2,498,360	491,023,021	1,944.82	60.80	177,663,706	703.68	22.00
6	Colonial Heights	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Covington	3,048,848	1,539,023	1,648,971	8,444	4,421,213	74,068	69,203	10,809,770	1,941.76	49.89	4,652,876	835.80	21.48
8	Danville	19,944,123	649,744	11,883,177	26,465	1,747,752	547,056	499,168	35,297,485	835.48	28.19	59,337,516	1,404.50	47.40
9	Emporia	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Fairfax	82,661,278	1,513,886	14,107,881	-	-	524,090	202,244	99,009,379	4,168.82	58.19	45,615,182	1,920.64	26.81
11	Falls Church	65,934,036	423,111	7,444,197	-	-	201,792	58,752	74,061,888	4,724.84	64.41	20,998,781	1,339.64	18.26
12	Franklin	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Fredericksburg	41,886,438	809,525	12,549,676	-	112,879	490,111	271,957	56,120,586	2,025.21	44.68	47,977,443	1,731.35	38.20
14	Galax	4,761,780	217,152	1,712,134	-	751,407	131,298	63,067	7,636,838	1,119.44	37.03	8,385,176	1,229.14	40.66
15	Hampton	181,836,318	4,927,283	39,472,449	44,372	3,040,999	1,833,562	687,639	231,842,622	1,693.58	53.78	95,655,192	698.75	22.19
16	Harrisonburg	53,448,541	666,471	15,342,288	12,151	2,850,506	503,121	125,167	72,948,245	1,302.88	48.32	54,615,777	975.46	36.18
17	Hopewell	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Lexington	6,328,040	214,896	1,316,430	-	-	46,043	69,043	7,974,452	1,087.77	36.77	5,606,933	764.83	25.85
19	Lynchburg	65,926,140	2,318,407	21,417,827	-	5,061,717	896,232	349,358	95,969,681	1,188.69	43.88	64,612,267	800.29	29.54
20	Manassas	87,264,776	1,657,334	15,073,117	11,304	5,797,350	578,687	334,482	110,717,050	2,600.76	64.54	29,341,028	689.23	17.10
21	Manassas Park	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Martinsville	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Newport News	257,011,766	7,637,282	64,708,517	164,760	25,010,185	2,617,291	1,462,787	358,612,588	1,967.50	59.12	119,896,200	657.80	19.77
24	Norfolk	323,629,693	12,209,579	67,350,942	18,126	7,188,389	820,404	727,529	411,944,662	1,730.05	56.34	189,226,563	794.70	25.88
25	Norton	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Petersburg	30,829,714	2,584,899	7,766,793	8,687	2,038,019	887,923	1,087,557	45,203,592	1,323.41	57.03	17,303,511	506.59	21.83
27	Poquoson	22,004,231	217,536	4,465,315	-	-	143,584	52,427	26,883,093	2,125.48	69.53	3,821,904	302.17	9.88
28	Portsmouth	112,057,836	4,572,865	34,896,135	-	1,388,346	2,250,205	1,027,833	156,193,220	1,625.57	57.08	52,569,465	547.11	19.21
29	Radford	7,950,248	125,137	1,642,120	3,964	375,532	45,918	45,918	10,502,576	623.15	45.41	5,329,760	316.23	23.04
30	Richmond	450,857,774	14,620,737	66,030,164	-	13,773,837	1,297,149	3,382,156	549,961,817	2,401.21	57.05	206,264,063	900.58	21.40
31	Roanoke	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Salem	33,258,050	783,635	11,294,386	8,887	3,483,230	384,737	125,656	49,338,581	1,974.73	49.06	29,597,095	1,184.59	29.43
33	Staunton	25,776,923	1,142,827	7,230,135	310	390,396	335,082	318,484	35,194,157	1,371.08	49.10	19,630,036	764.74	27.39
34	Suffolk	156,302,355	5,338,750	39,727,564	57,727	1,903,570	1,611,637	935,943	205,877,546	2,044.67	57.00	65,055,986	646.10	18.01
35	Virginia Beach	731,514,351	10,821,941	146,394,371	-	-	5,858,449	3,555,985	898,145,097	1,980.02	58.93	366,606,987	808.21	24.06
36	Waynesboro	21,063,788	928,992	7,100,192	4,990	1,196,719	490,758	219,308	31,004,747	1,368.80	44.40	21,729,484	959.32	31.12
37	Williamsburg	17,897,682	443,261	1,915,249	-	1,667,347	104,817	54,484	22,082,840	1,408.79	38.59	26,825,780	1,711.37	46.88
38	Winchester	36,358,619	846,121	15,345,279	763	1,555,214	486,590	242,115	54,834,701	1,908.36	49.12	40,046,440	1,393.70	35.87
38	Total	\$ 3,859,990,750	\$ 99,325,866	\$ 801,083,228	\$ 530,205	\$ 91,802,395	\$ 31,472,294	\$ 20,034,994	\$ 4,904,553,471	\$ 2,033.46	57.14	\$ 2,023,206,422	\$ 838.83	23.57

Example Comparative Report Exhibit

COMPARATIVE REPORT
EXHIBIT C: SUMMARY OF MAINTENANCE AND OPERATIONS EXPENDITURES (BY FUNCTION)
FOR THE YEAR ENDED JUNE 30, 2024

No.	Locality City of:	Public Safety (Exhibit C-3)	Per Capita	Percent of Average	Public Works (Exhibit C-4)	Per Capita	Percent of Average	Health and Human Services (Exhibit C-5)	Per Capita	Percent of Average	Education (Exhibit C-6)	Per Capita	Percent of Average
1	Alexandria	\$ 176,451,325	1,112.62	112.98	\$ 56,962,879	359.18	73.78	\$ 117,635,968	741.76	142.27	\$ 371,547,508	2,342.80	96.88
2	Bristol	17,656,411	1,054.87	107.12	28,190,036	1,684.19	345.96	17,842,056	1,065.96	204.46	39,617,965	2,366.95	97.88
3	Buena Vista	4,684,447	718.14	72.92	3,375,901	517.54	106.31	5,783,044	886.56	170.05	16,285,144	2,496.57	103.24
4	Charlottesville	51,448,975	1,006.20	102.18	16,649,664	325.62	66.89	64,876,828	1,268.81	243.37	136,253,039	2,664.73	110.19
5	Chesapeake	190,335,608	753.87	76.55	95,687,279	378.99	77.85	75,112,940	297.50	57.06	710,175,559	2,812.82	116.32
6	Colonial Heights	-	-	-	-	-	-	-	-	-	-	-	-
7	Covington	5,394,297	968.98	98.40	8,490,385	1,525.13	313.29	5,766,700	1,035.87	198.69	2,567,229	461.15	19.07
8	Danville	48,620,694	1,150.84	116.86	21,926,687	519.00	106.61	31,263,378	740.00	141.94	125,285,722	2,965.48	122.63
9	Emporia	-	-	-	-	-	-	-	-	-	-	-	-
10	Fairfax	38,834,680	1,635.14	166.04	34,804,177	1,465.44	301.03	10,728,683	451.73	86.65	61,974,294	2,609.44	107.91
11	Falls Church	15,699,385	1,001.56	101.70	10,395,835	663.21	136.24	4,537,133	289.45	55.52	65,685,942	4,190.49	173.29
12	Franklin	-	-	-	-	-	-	-	-	-	-	-	-
13	Fredericksburg	39,705,664	1,432.85	145.50	19,407,367	700.35	143.86	12,179,748	439.53	84.30	68,924,375	2,487.26	102.86
14	Galax	4,634,538	679.35	68.99	3,829,070	561.28	115.30	4,221,743	618.84	118.70	22,984,597	3,369.19	139.33
15	Hampton	121,139,684	884.91	89.86	65,217,715	476.41	97.86	96,272,628	703.26	134.89	341,840,659	2,497.10	103.26
16	Harrisonburg	43,771,062	781.77	79.39	19,112,816	341.36	70.12	18,047,980	322.34	61.83	116,612,870	2,082.74	86.13
17	Hopewell	-	-	-	-	-	-	-	-	-	-	-	-
18	Lexington	4,862,743	663.31	67.36	4,373,969	596.64	122.56	4,464,254	608.96	116.80	9,204,226	1,255.52	51.92
19	Lynchburg	84,165,659	1,042.48	105.86	32,247,297	399.42	82.05	62,432,624	773.29	148.32	153,025,248	1,895.38	78.38
20	Manassas	48,453,894	1,138.19	115.58	22,061,130	518.22	106.45	15,898,122	373.45	71.63	143,787,091	3,377.58	139.67
21	Manassas Park	-	-	-	-	-	-	-	-	-	-	-	-
22	Martinsville	-	-	-	-	-	-	-	-	-	-	-	-
23	Newport News	188,740,424	1,035.51	105.15	84,673,678	464.56	95.43	101,308,933	555.82	106.61	504,644,315	2,768.69	114.49
24	Norfolk	213,915,966	898.38	91.23	118,159,152	496.23	101.94	95,090,552	399.35	76.60	450,333,642	1,891.27	78.21
25	Norton	-	-	-	-	-	-	-	-	-	-	-	-
26	Petersburg	33,589,275	983.38	99.86	19,530,633	571.79	117.46	19,410,760	568.28	109.00	80,273,381	2,350.13	97.18
27	Poquoson	10,121,945	800.28	81.27	4,040,864	319.49	65.63	2,393,808	189.26	36.30	31,059,782	2,455.71	101.55
28	Portsmouth	112,196,922	1,167.68	118.57	44,229,778	460.32	94.56	39,245,878	408.45	78.34	235,291,159	2,448.78	101.26
29	Radford	12,945,677	768.11	78.00	4,904,366	290.99	59.77	3,973,400	235.75	45.22	36,594,334	2,171.26	89.79
30	Richmond	378,564,681	1,652.87	167.84	187,703,827	819.54	168.35	192,143,110	838.92	160.91	526,568,050	2,299.07	95.07
31	Roanoke	-	-	-	-	-	-	-	-	-	-	-	-
32	Salem	27,278,696	1,091.80	110.87	13,752,171	550.42	113.07	10,715,069	428.86	82.26	62,040,905	2,483.13	102.68
33	Staunton	21,931,924	854.41	86.76	12,477,262	486.08	99.85	14,815,436	577.17	110.71	49,288,901	1,920.17	79.40
34	Suffolk	100,157,416	994.71	101.01	57,331,598	569.39	116.96	27,790,580	276.00	52.94	237,223,216	2,355.98	97.43
35	Virginia Beach	307,586,691	678.09	68.86	149,523,316	329.63	67.71	167,107,118	368.40	70.66	1,074,966,505	2,369.83	98.00
36	Waynesboro	18,923,257	835.43	84.83	14,700,920	649.02	133.32	13,857,432	611.78	117.34	53,282,473	2,352.32	97.28
37	Williamsburg	17,179,176	1,095.96	111.29	5,218,309	332.91	68.39	5,307,221	338.58	64.94	15,736,326	1,003.91	41.51
38	Winchester	36,210,913	1,260.21	127.97	15,174,934	528.12	108.49	17,245,331	600.17	115.12	89,451,516	3,113.09	128.74
38	Total	\$ 2,375,202,029	\$ 984.77	100.00	\$ 1,174,153,015	\$ 486.81	100.00	\$ 1,257,468,457	\$ 521.35	100.00	\$ 5,832,525,973	\$ 2,418.20	100.00

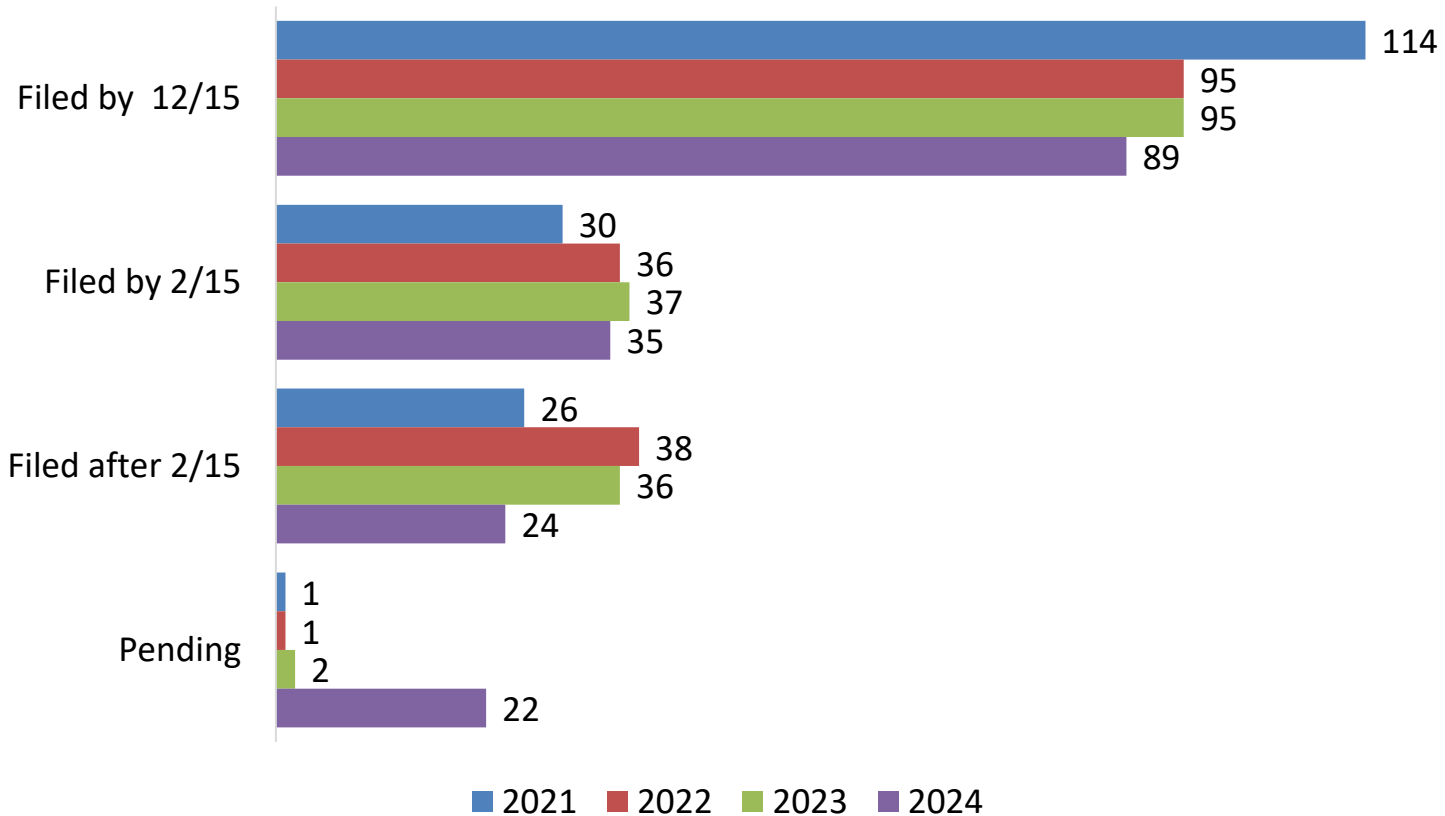
Comparative Report of Local Government

- Draft FY 2024 report published on February 15th (missing data for 49 localities)
- Final FY 2024 report issued April 7, 2025 (missing data for 30 localities)
 - **Cities:** Colonial Heights, Emporia, Franklin, Hopewell, Manassas Park, Martinsville, Norton, and Roanoke
 - **Counties:** Accomack, Alleghany, Buckingham, Charles City, Floyd, Giles, Grayson, Lee, Northumberland, Pulaski, Russell, Scott, Surry, Warren, and Westmoreland
 - **Towns:** Big Stone Gap, Blacksburg, Broadway, Clifton Forge, Marion, South Hill, and Vinton

Comparative Report of Local Government

- As of the end of May, received required FY 2024 reporting for 8 additional localities, 22 localities remain delayed
- 10 of the localities that remain delayed have not posted on their website a public notification of audit delay required by Code of Virginia § 15.2-2511; however, these localities did notify our office regarding their delay
- Will publish an amended report at a later date

Trends in Locality Annual Financial Report Submissions*



*Audited annual financial report submissions as of May 30, 2025

Prior Year Locality Reporting Delays

- In addition to FY 2024 reporting delays, certain localities also remain late with submitting prior years required reporting
 - City of Hopewell audited financial reports and transmittal data for FY 2021, FY 2022, and FY 2023
 - Cities of Emporia and Norton transmittal data for FY 2022 and FY 2023
 - Town of Big Stone Gap audited financial report for FY 2023 and transmittal data for FY 2022 and FY 2023

Local Fiscal Distress Monitoring

- Acts of Assembly and Code of Virginia directs our Office to annually review financial data and information as part of our early warning system to identify potential fiscal distress at localities
- Early warning system consists of two components

Perform Ratio Analysis

- Calculate 12 financial ratios using data from audited financial reports
- Analyze each locality's ratio performance using a points-based methodology
- Examine any trends showing significant increases in total points from year to year

Evaluate Qualitative Analysis

- Review demographic and other non-financial factors for a locality whose financial ratio results indicate a need for further review
- Consider whether locality is significantly delayed with submitting its audited annual financial report

Fiscal Distress Monitoring – Coordination with Commission on Local Government

- APA is required to provide technical assistance to Commission on Local Government (CLG) based on our existing oversight and support provided for local governments
- During the year, continued to provide guidance and information to CLG about the local fiscal distress monitoring process
 - Attended various meetings with staff from Department of Housing and Community Development (DHCD)
 - Assisted in the review of proposed regulations and other information as CLG implemented their new oversight responsibilities

2024 - 2025 Fiscal Distress Monitoring

- During 2024 process, completed ratio analysis based on FY 2023 audited financial data and performed qualitative evaluation as necessary
 - No new localities identified
 - Qualitatively monitoring Town of Big Stone Gap due to delay with submitting FY 2023 audited financial report
- For 2025 process, currently finishing ratio analysis based on FY 2024 audited financial data and performing qualitative evaluation of locality results, as necessary

2024 - 2025 Fiscal Distress Monitoring

- We continue to review for any new trends as part of 2024 and 2025 ratio and qualitative analyses for at risk localities reviewed in prior years
- Any delayed localities that have not submitted audited financial reports by our cut-off date (May 30th) are not analyzed in the ratio analysis for the 2025 process
- We expect to complete 2025 process later this summer and issue a combined report on results of 2024 and 2025 monitoring processes later this year

2025 Fiscal Distress Monitoring - Tangier

- In April 2025, qualitatively identified the Town of Tangier based on correspondence we received directly from state entities concerning fiscal issues and budgetary challenges that Tangier is currently experiencing
- Sent notification letter to Town officials and Town agreed to participate in our follow-up review process
- Town submitted completed financial assessment questionnaire to our office on May 16
- Expect to perform further review of Town's questionnaire and complete our follow-up process with Town officials during June 2025

2025 Fiscal Distress Monitoring - Hopewell

- Continue to qualitatively identify Hopewell due to inability to timely complete and submit audited financial statements
- City remains delayed with submitting FY 2021 through FY 2024 audited financial reports
- City issued its most recent audited financial report for fiscal year 2020 in January 2025
 - External auditor issued a “clean” opinion for all financial activity
- Entered FY 2020 audited data in our ratio model and note that city’s ratios do not reflect any significant negative or downward trends

Small Town Audits

- Towns under 3,500 population (small towns) are not required by statute to have an annual audit
- Small towns may be required to have an audit based on debt covenants or federal/state grant funding requirements
- Code of Virginia § 15.2-2511 requires small towns that voluntarily elect to have an audit to submit audit report to our office upon completion
- Annually, receive 20 to 25 audit reports (approx. 15%) for small towns

Citizen Local Government Inquiries

- Recently have noted a significant increase in citizen concerns communicated to our office regarding local governments
- Concerns primarily relate to council and board officials and general administration of the locality
 - Policy and budgetary decisions
 - Fiscal management
 - Conflict of interests
 - Lack of transparency and accountability

Citizen Local Government Inquiries

- Code of Virginia § 15.2-2511 provides the APA limited authority to audit local governments
 - Special circumstances
 - Fraud or inappropriate handling of funds that may effect the financial interests of the Commonwealth
 - Local governing body may vote to have APA perform an audit
- JLARC approval is required prior to APA performing audits under this provision

Local Constitutional Officer Audits

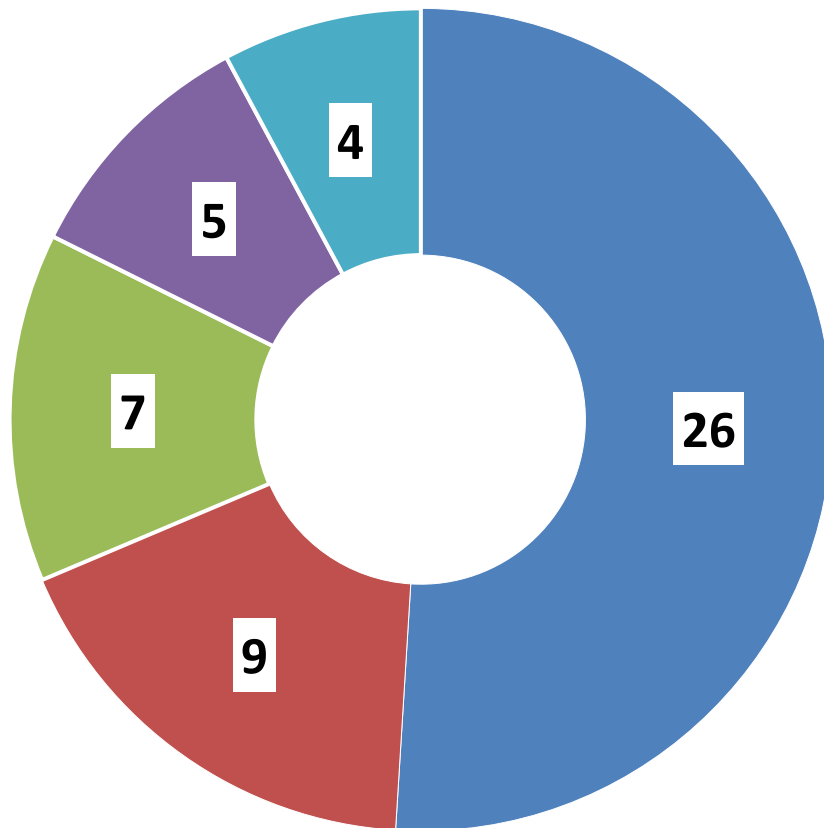
- Annually, audit state funds collected by local constitutional officers
 - Includes Commonwealth's Attorneys, Commissioners of Revenue, Sheriffs, and Treasurers
 - Circuit court clerks receive separate audit
- Audits primarily cover collection of state fees and income taxes
- APA does not audit local funds collected by constitutional officers
- For fiscal year 2024, audited constitutional officers in 131 localities, with findings in 27 localities

Local Constitutional Officer Audits

- Constitutional officer's collections of state revenues have decreased from \$282 million in 2015 to \$63 million in 2024 (78% decrease)
- Code of Virginia § 30-134 requires the APA to audit city and county officials handling state funds at least once in every two years
- Beginning with fiscal year 2025, plan to transition our audits of local constitutional officers to a risk-based approach using a two-year cycle

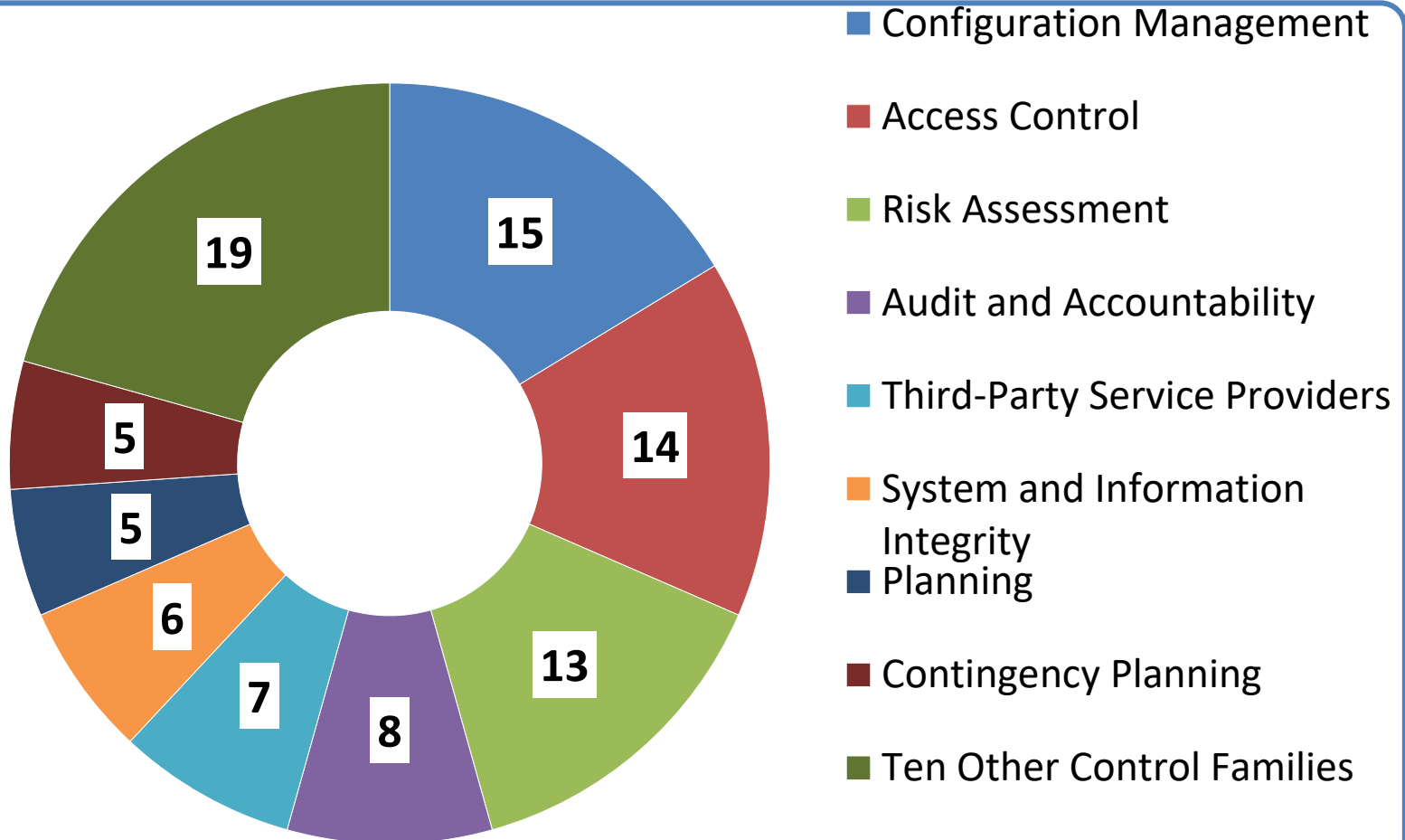
ACFR & SINGLE AUDIT OF FEDERAL FUNDS RESULTS

ACFR and Single Audit Findings (51) (excluding IT)

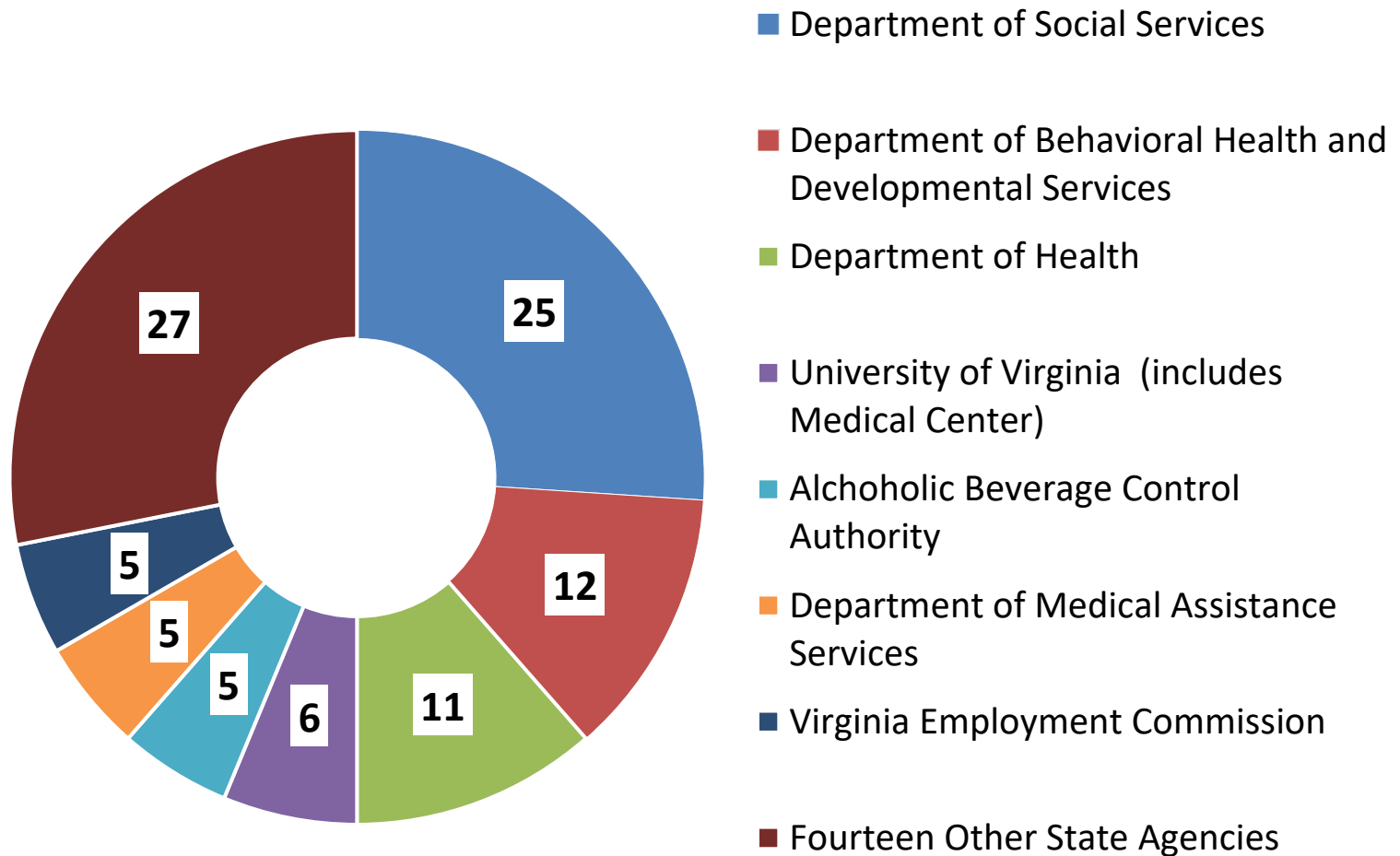


- Grants Management and Federal Award and Questioned Costs
- Financial Accounting and Reporting
- Human Resources and Payroll
- Third-Party Service Providers
- Three Other Topics

ACFR and Single Audit IT Findings (56)



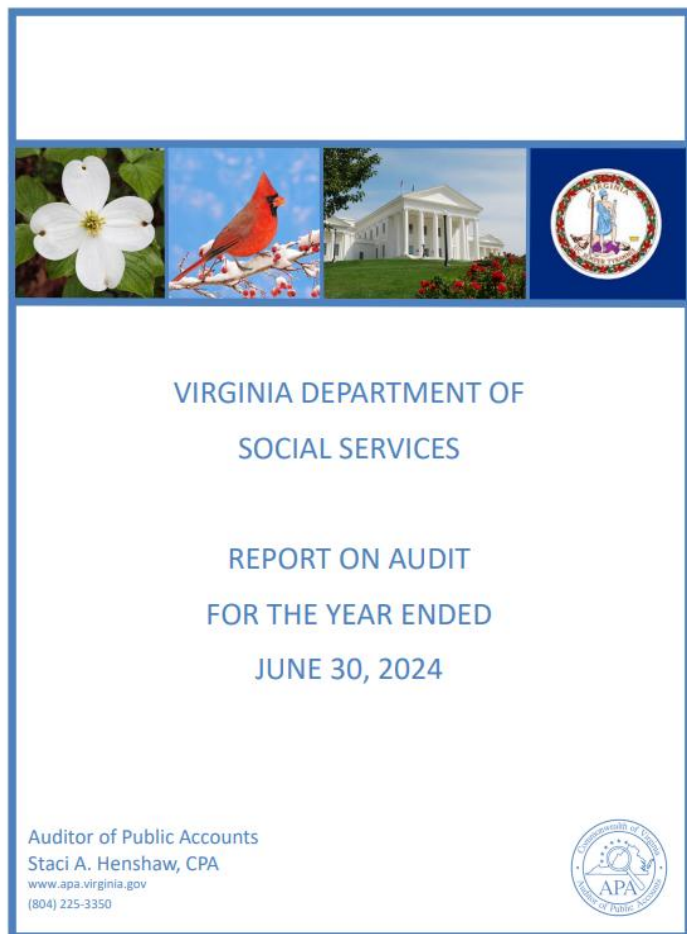
ACFR and Single Audit Findings by Agency



ACFR and Single Audit HHR Findings

Agency	Finding Area	2021	2022	2023	2024
DBHDS	Payroll, Human Resources & Benefits	4	2	4	1
	Conflict of Interests Act Requirements	1	1	1	1
	Federal Grants Management	1	1	0	0
	Financial Reporting & Fiscal Processes	1	2	1	1
	Third-Party Service Providers	0	0	0	1
	Information Systems Security	6	10	10	8
DMAS	Federal Grants Management	1	1	1	0
	Third-Party Service Provider	0	0	0	1
	Information Systems Security	2	3	3	4
DSS	Payroll, Human Resources & Benefits	1	2	1	1
	Conflict of Interests Act Requirements	1	1	1	0
	Federal Grants Management	8	13	11	11
	Financial Reporting & Fiscal Processes	1	1	2	0
	Third-Party Service Provider	0	0	0	1
	Information Systems Security	6	8	11	12
VDH	Payroll, Human Resources & Benefits	1	2	1	1
	Conflict of Interests Act Requirements	1	1	0	0
	Federal Grants Management	1	2	0	2
	Financial Reporting & Fiscal Processes	2	2	2	2
	Procurement and Contract Management	0	0	0	1
	Information Systems Security	6	4	4	5

Department of Social Services Audit Results



Material Weakness: Information Security IT Governance

- Insufficient IT governance structure
- Does not assess security requirements for IT projects
- Does not prioritize security and IT resources to protect sensitive Commonwealth data

Material Weakness: Subrecipient Monitoring Activities

- Does not review division plans for sub-recipient monitoring
- Does not meet with subrecipient monitoring coordinators
- Does not review each division's monitoring activities

Material Weakness: TANF Federal Performance Reporting

- Over-reliance on a third-party service provider resulted in inaccurate federal performance reporting for 32% of cases reviewed

Risk Alert: Address Audit Findings

- Did not address 22 of the 27 (81%) findings communicated in prior audits

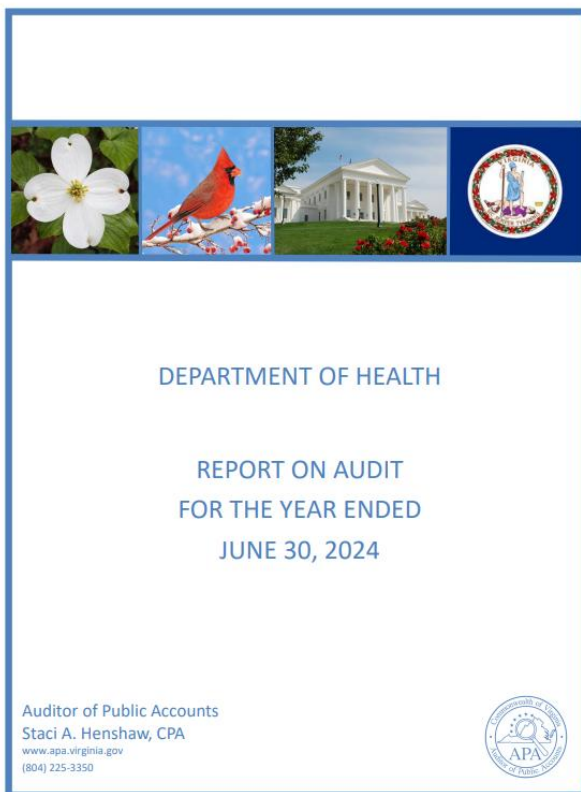
ACFR Financial Reporting - Material Weaknesses

- **Department of General Services**
 - Financial Reporting of Leases
- **Department of Health**
 - Financial Reporting Controls
- **Department of Human Resource Management**
 - Financial Reporting Controls
- **University of Virginia**
 - Governance Structure and Resources Surrounding Financial Reporting Process
- **Virginia Information Technologies Agency**
 - Accounting and Reporting of Right-to-Use Assets

A **material weakness** is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement will not be prevented or detected on a timely basis.

Department of Health Repeat Material Weakness

Finding Title: **Strengthen Controls over Financial Reporting**



Condition:

- Misstated accounts receivable and federal expenses resulting in multiple and delayed submissions of financial data to the Department of Accounts (Accounts)
- Adjustments to information submitted to the Accounts totaled **\$456.7 million**

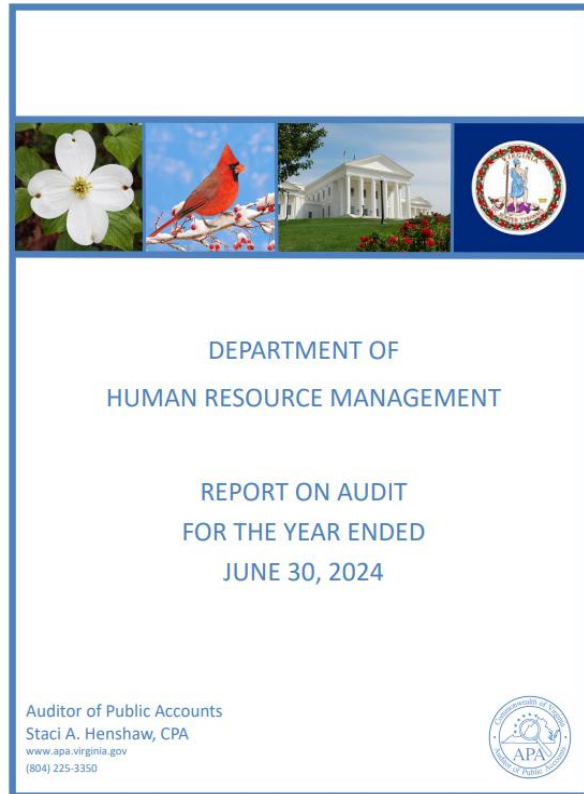
Causes:

- **Turnover** – Responsible department experienced significant turnover in key positions including several at year end
- **Policies and Procedures** - Responsible department lacks detailed written policies and procedures required for financial reporting

Department of Human Resource Management

Repeat Material Weakness

Finding Title: **Strengthen Controls over Financial Reporting**



Condition:

- Misstated premium revenue, claims expense, and drug rebates and related receivables
- Adjustments to information submitted to Accounts totaled **\$606 million**

Causes:

- **Turnover** – Responsible departments have experienced significant turnover and are understaffed
- **Policies and Procedures** - Responsible departments lack detailed written policies and procedures required for financial reporting

Repeat Risk Alert - Financial Reporting

Risk: The Commonwealth may not meet the December 15th statutory deadline, which could impact the Commonwealth's bond rating

Cause: Over the past several years, agencies and institutions have increasingly submitted inaccurate and late financial information to Accounts for use in preparing the Commonwealth's ACFR

FY	# of Entities Audited	# of Entities with Audit Adjustments	\$ of Audit Adjustments	Accounts' ACFR Compilation Process Adjustments
2024	22	12	\$4.1 billion	\$115.5 million
2023	22	13	\$2.4 billion	\$469.5 million
2022	22	9	\$3.2 billion	\$229.1 million

	2024	2023	2022	2021	2020
Material Weakness	5	5	5	1	3
Significant Deficiency	1	1	1	2	2

ACFR Results

Department of Accounts Risk Alert

Effect

- While the Commonwealth corrected the misstatements before issuance, this requires the use of additional resources to detect and correct errors by both APA and Accounts, which limited the amount of time available to Accounts to prepare and the APA to audit the ACFR before the issuance deadline
- As entities' inaccuracies and late submissions increase, the time for Accounts to prepare the ACFR and APA to audit it is continually compressed, and it is becoming increasingly difficult to meet the December 15th deadline

Causes

- Significant amount of turnover in key finance positions
- Difficulty in recruiting and retaining highly qualified staff
- Increasingly complex accounting standards
- A knowledge gap in key financial positions
- Lack of proper review of financial information
- Inadequate staff at Accounts to provide statewide guidance and training



HIGHER EDUCATION AUDIT RESULTS

Higher Education Financial Statement Audit Results



FY 2024 fieldwork complete for audits of CWM, JMU, UMW, UVA, VCU, VMI, and VT



FY 2024 Audits in Process: CNU, GMU, LU, NSU, ODU, RU, VSU, and VCCS



Audited Student Financial Assistance federal expenditures to support Single Audit



Two material weaknesses in financial reporting (ODU and UVA)

University of Virginia Material Weakness

- Finding Title: **Improve Governance Structure and Resources Surrounding the Financial Reporting Process**
- First issued in FY 2021 and reissued in FY 2024
- Our FY 2024 audit found deficiencies in the following:
 - Financial Reporting
 - Cash Management
 - Journal Entries
 - Accounts Payable

University of Virginia Material Weakness

Financial Reporting

- Lack of coordination and communication for cross divisional strategy to implement new accounting pronouncements and consolidate intercompany transactions
- Identified several significant misstatements in the financial statements

Cash Management

- Medical Center did not perform a bank reconciliation for nine months
- Consultants found a \$34.8 million overpayment, \$58.8 million in unrecorded cash, \$62.4 million in unrecorded wires, and \$1.5 million in unresolved differences

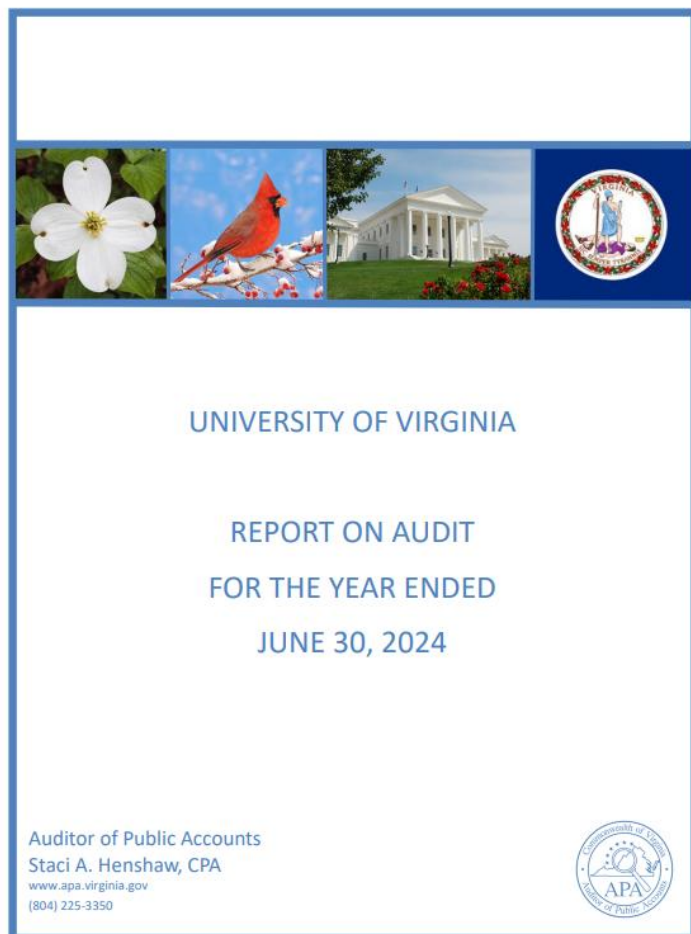
Journal Entries

- Lack of supporting documentation and insufficient management review
- No evidence of employees who entered and approved

Accounts Payable

- Did not accrue \$9.1 million in the correct proper fiscal year
- Used incomplete query logic and did not have adequate management oversight

University of Virginia Repeat Material Weakness



Root causes:

- Significant turnover
- Insufficient documented policies and procedures
- Lack of communication and coordination
- Inadequately designed controls

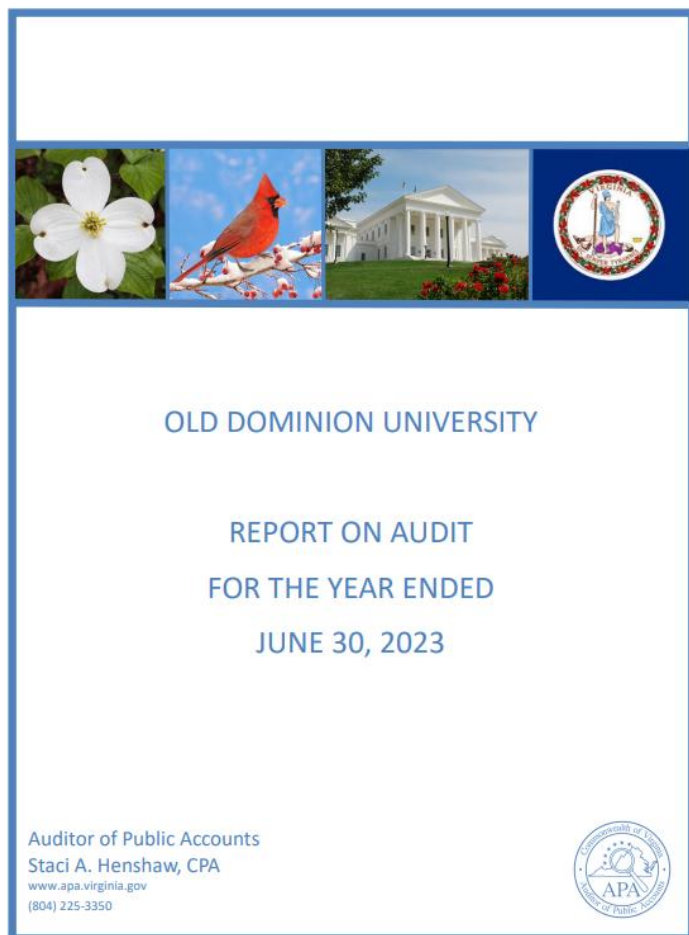
Remediation efforts:

- Allocated more resources to financial reporting
- Defined roles and responsibilities in the consolidation process
- Engaged consultants to review Medical Center operations and controls
- Developed position papers for new accounting pronouncements and complex transactions

Old Dominion University Material Weakness

- Finding Title: **Continue to Improve the Financial Reporting Process**
- First issued in FY 2021 and reissued in FY 2023
- Our FY 2023 audit found the following deficiencies:
 - Untimely preparation of the financial statements (12 months after year end)
 - Significant adjustments to the financial statements (resulted in a net change to net position of \$20.3 million)
 - Improper application of new accounting pronouncements (GASB Statement No. 96 – Subscription-Based Information Technology Arrangements)

Old Dominion Repeat Material Weakness



Root causes:

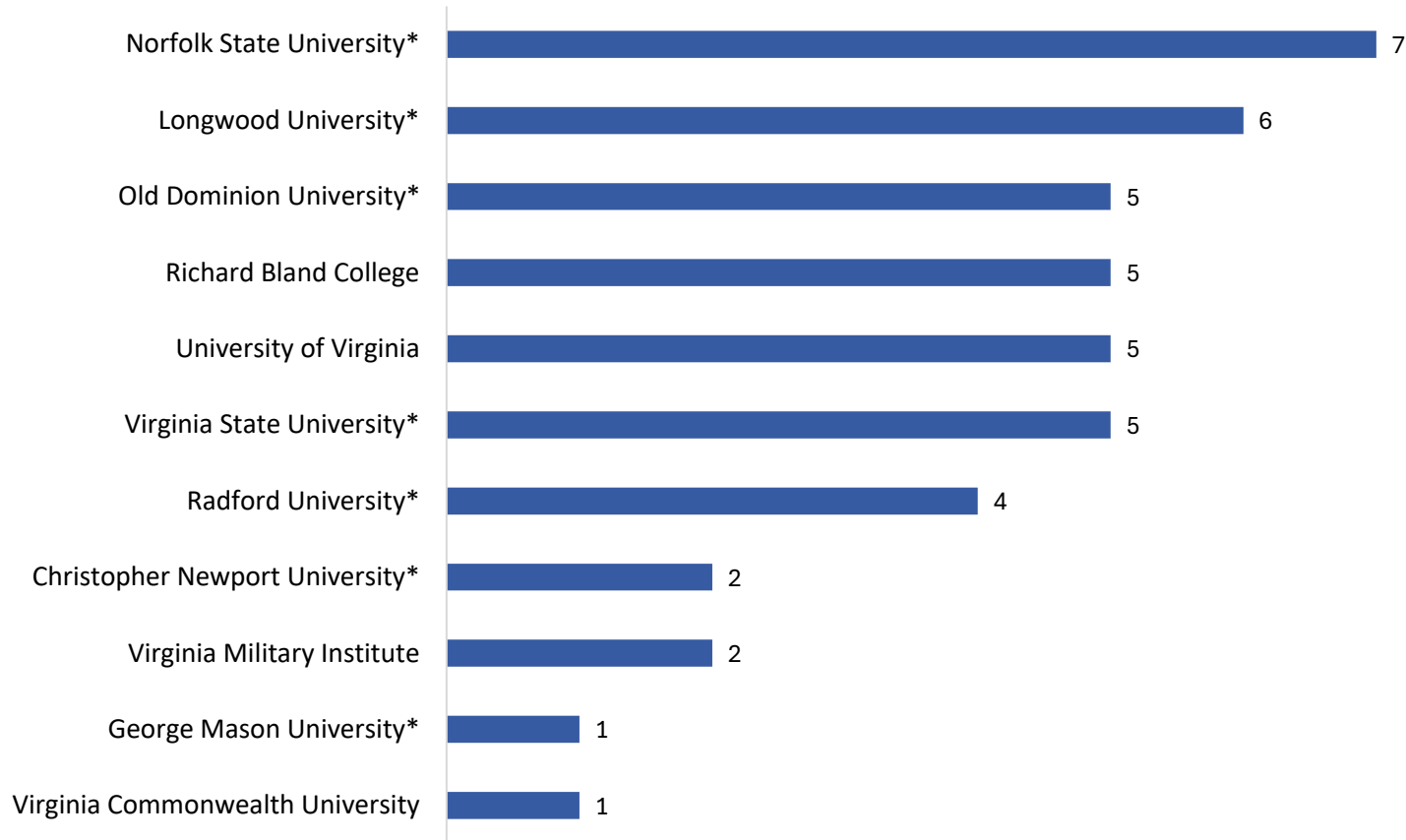
- Significant turnover
- Insufficient documented policies and procedures
- Overhaul of new financial reporting processes introduced unexpected complexities

Remediation efforts:

- Allocated more resources to financial reporting
- Engaged consultants to review operations and controls
- Emphasizing timely year-end close and financial statement preparation
- Conducting gap assessment over implementation of GASB Statement No. 96

Findings by Institution**

(excluding findings related to federal student financial assistance)

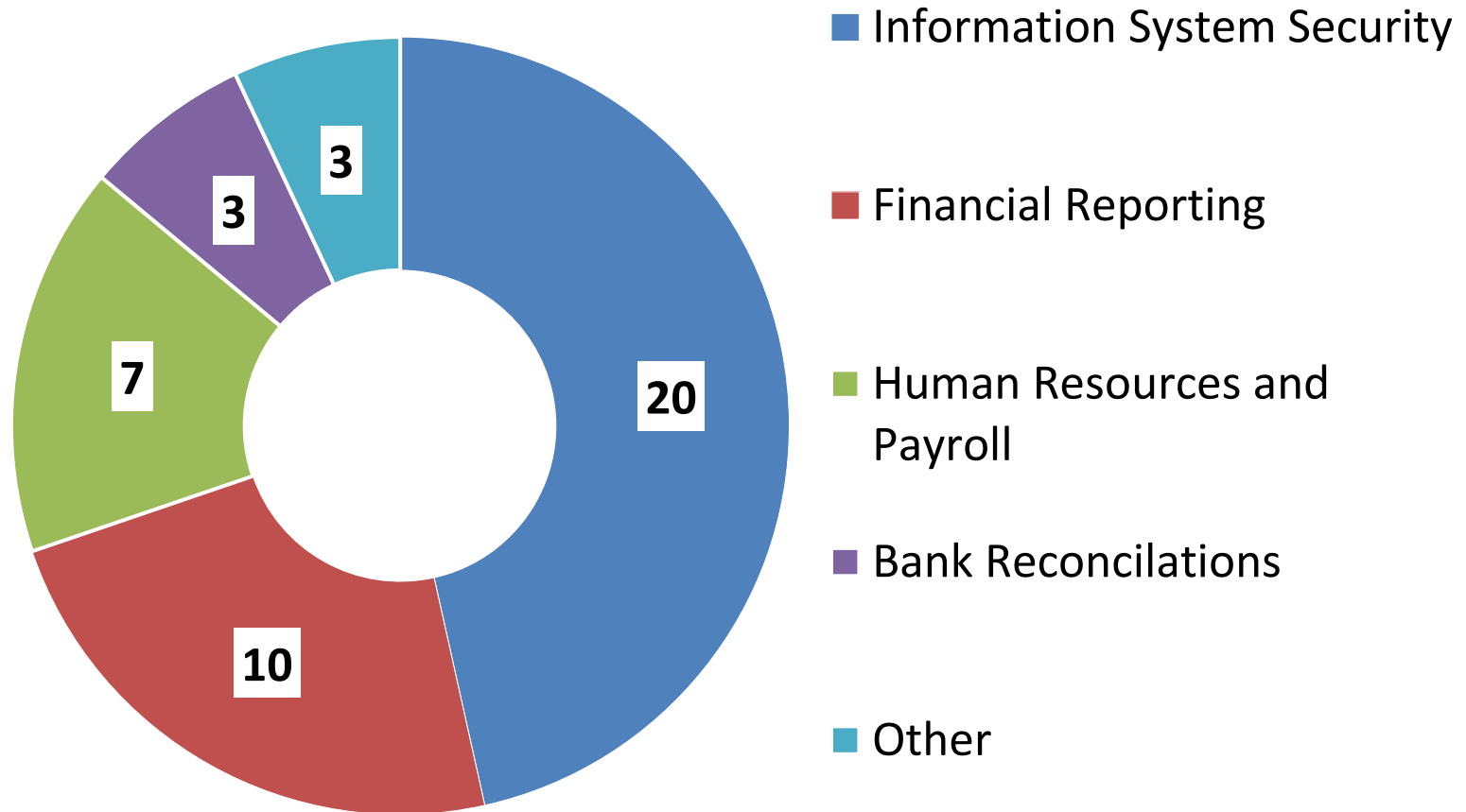


*Fiscal year 2023 audit results as fiscal year 2024 audit work remains ongoing.

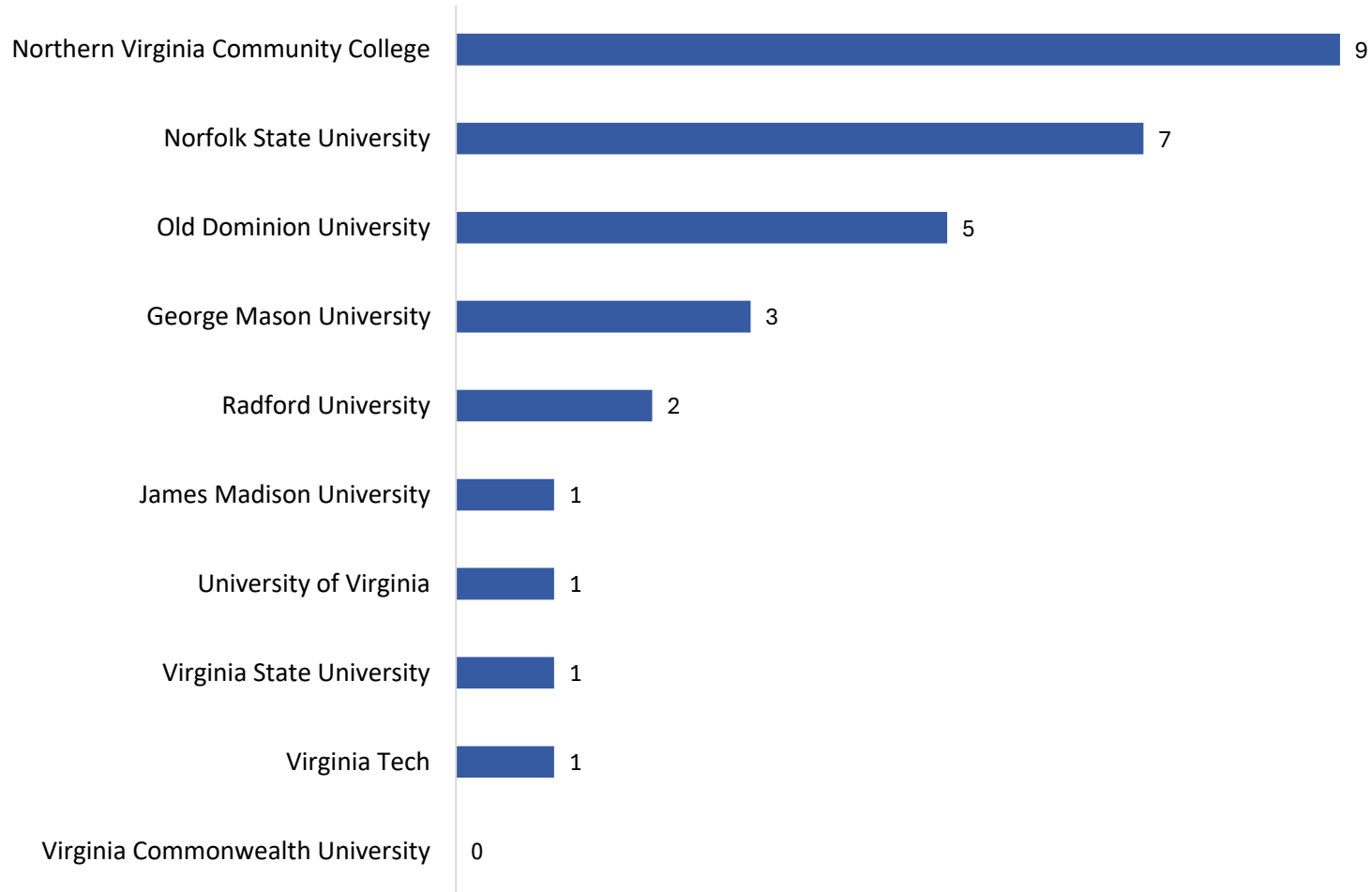
**James Madison University, University of Mary Washington, Virginia Tech, and William & Mary did not have any non-student financial assistance findings.

Findings by Topic

(excluding findings related to federal student financial assistance)



Federal Student Financial Assistance Findings by Institution



Questions?



Richmond Times-Dispatch

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