

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Honorable Members of the City of Roanoke School Board
Roanoke, Virginia

We have audited the statement of cash receipts and expenditures of the Roanoke City Public Schools School Activity Funds (the "Activity Funds") for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 19, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Activity Funds are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Activity Funds during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

The financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We detected no misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Audit Findings (Continued)

Management Representations

We have requested certain representations from management that are included in the management representation letters dated October 17, 2016. An example of such representations is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Activity Funds’ financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of Members of the School Board and management of the Roanoke City Public Schools School Activity Funds and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 17, 2016

Attachment

October 17, 2016

Brown, Edwards & Company, L.L.P.
Certified Public Accountants
319 McClanahan Street, S.W.
Roanoke, Virginia 24014-7705

This representation letter is provided in connection with your audit of the statement of cash receipts and expenditures of _____ school activity funds as of June 30, 2016 and for the year then ended and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statement presents fairly, in all material respects, the cash receipts and expenditures of the _____ School Activity Funds, in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 17, 2016, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 19, 2016, including our responsibility for preparation and fair presentation of the financial statements in accordance with the basis of cash receipts and expenditures.
- 2) The financial statement referred to above is fairly presented in conformity with the basis of cash receipts and expenditures.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed.
- 6) Guarantees, whether written or oral, under which _____ is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 7) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statement.
- 9) We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- 10) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 11) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 12) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 13) We have not consulted a lawyer concerning litigation, claims, assessments, or any other matters during the year ended June 30, 2016 and through the date of this letter.
- 14) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements, if any.
- 15) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government – Specific

- 16) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 17) We have a process to track the status of audit findings and recommendations.
- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 19) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 20) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

Government – Specific (Continued)

- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us. We have identified and disclosed to you all laws, regulations and provisions of contracts and agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 24) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 25) The financial statements properly classify all funds and activities.

School Activity Fund – Specific

- 26) School activity funds are used solely in accordance with the purpose for which such funds are collected.
- 27) Projects for raising school activity funds contribute to the educational experience of pupils and do not conflict with the instruction program.
- 28) Funds derived from the student body as a whole are used to benefit the student body as a whole. Generally, school activity funds are spent in such a way as to benefit those pupils who are in school and who have contributed to the accumulation of such fund.
- 29) Student representation is encouraged in the management of funds raised by the student body and spent for its behalf, subject to faculty supervision.
- 30) School activity funds are managed in accordance with the best business practices, including sound budgetary and accounting procedures.
- 31) Student body business is conducted in such a manner as to offer maximum competition with commercial concerns.
- 32) The principal, through his or her representatives, participates in the preparation, modification, and interpretation of the policies, regulations, and procedures affecting student body affairs.
- 33) Disbursement and receipt ledgers are complete and include, as applicable, non-check disbursements (i.e. wire transfers or other electronic means of payment) and credit or debit card disbursements.

Roanoke City Public Schools School Activity Fund – Specific

- 34) The attached listing of checks appears to be valid expenditures of March for fiscal year 2016.
- 35) We understand that a key component of the internal control process concerning expenditures is the electronic approval of the purchase requisition by the principal. As such, and to ensure the integrity and effectiveness of this control, passwords used to sign on as the principal have not been shared between the principal and others.
- 36) If any events that could affect the financial statements and are outside of the ordinary course of business take place between now and the date our audit report is issued, we will immediately notify the Director of Accounting for Roanoke City Schools.

Signed:

Principal

Signed:

Secretary

October 17, 2016

Brown, Edwards & Company, L.L.P.
Certified Public Accountants
319 McClanahan Street, S.W.
Roanoke, Virginia 24014-7705

This representation letter is provided in connection with your audit of the statement of cash receipts and expenditures of Roanoke City Public Schools School Activity Funds as of June 30, 2016 and for the year then ended and the related note to the financial statement for the purpose of expressing an opinion as to whether the financial statement presents fairly, in all material respects, the cash receipts and expenditures of the Roanoke City Public Schools School Activity Funds, in conformity with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 17, 2016, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 19, 2016, including our responsibility for preparation and fair presentation of the financial statements in accordance with the cash basis of accounting.
- 2) The financial statement referred to above is fairly presented in conformity with the cash basis of accounting.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed.

Financial Statements (Continued)

- 6) Guarantees, whether written or oral, under which Roanoke City Public Schools is contingently liable, if any, have been properly recorded or disclosed.
- 7) We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

- 8) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 9) All material transactions have been recorded in the accounting records and are reflected in the financial statement.
- 10) We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- 11) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 12) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 13) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 14) We have not consulted a lawyer concerning litigation, claims, assessments, or any other matters during the year ended June 30, 2016 and through the date of this letter.
- 15) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements, if any.
- 16) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government – Specific

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have a process to track the status of audit findings and recommendations.

Government – Specific (Continued)

- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 21) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us. We have identified and disclosed to you all laws, regulations and provisions of contracts and agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) As part of your audit, you assisted with the preparation of the financial statement and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the financial statement and notes.
- 25) We have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) The financial statement properly classifies all funds and activities.

School Activity Fund – Specific

- 28) School activity funds are used solely in accordance with the purpose for which such funds are collected.
- 29) Projects for raising school activity funds contribute to the educational experience of pupils and do not conflict with the instruction program.
- 30) Funds derived from the student body as a whole are used to benefit the student body as a whole. Generally, school activity funds are spent in such a way as to benefit those pupils who are in school and who have contributed to the accumulation of such fund.
- 31) Student representation is encouraged in the management of funds raised by the student body and spent for its behalf, subject to faculty supervision.
- 32) School activity funds are managed in accordance with the best business practices, including sound budgetary and accounting procedures.

School Activity Fund – Specific (Continued)

- 33) Student body business is conducted in such a manner as to offer maximum competition with commercial concerns.
- 34) The principal, through his or her representatives, participates in the preparation, modification, and interpretation of the policies, regulations, and procedures affecting student body affairs.
- 35) Disbursement and receipt ledgers are complete and include, as applicable, non-check disbursements (i.e. wire transfers or other electronic means of payment) and credit or debit card disbursements.
- 36) We have made and posted all transfers and adjustments between the general fund and the school activity funds.
- 37) No communications have been made from the individual schools relating to the financial statements since the date their audit work was performed.

Signed:

Dr. Rita D. Bishop
Title: Superintendent

Signed:

Kathleen Jackson
Title: Chief Financial Officer

Signed:

Donna Caldwell, CPA
Title: Director of Accounting