



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Roanoke
Roanoke, Virginia

Report on the Financial Statements

We have audited the accompanying 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 City of Roanoke, Virginia (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in the notes to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
[REDACTED], 2022



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Members of the City Council
City of Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Roanoke, Virginia’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2021. The City’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, 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 City’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 City’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 City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Compliance for Each Major Federal Program (Continued)

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City 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 City'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 City'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 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.**

Purpose of this Report

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.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
[REDACTED], 2021

CITY OF ROANOKE, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2021

As more fully described in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City’s compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia:

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Stormwater Utility Program
Comprehensive Services Act
Sheriff Internal Controls
Fire Programs Aid to Localities

State Agency Requirements:

Highway Maintenance Funds
Social Services

LOCAL COMPLIANCE MATTERS

City Charter

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **One significant deficiency** relating to the audit of the financial statements were reported in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding relating to major programs**.
7. The major programs of the City were:

<u>Name of Program</u>	<u>Assistance Listing #</u>
Social Services Block Grant	93.667
COVID-19 Coronavirus Relief Funds	21.019

8. The threshold for distinguishing Type A and B programs was \$1,230,341.
9. The City of Roanoke was **not** determined to be a **low-risk auditee**.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: Audit Adjustments (Significant Deficiency)

Condition:

During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to debt and capital assets.

Criteria:

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Cause:

With regard to capital assets and debt, it appears that the rollforward workbook and supporting schedules were not reviewed before year-end entries were made resulting in additional adjustments.

Effect:

There is an increased risk of financial statement misstatement.

Recommendation:

We recommend establishing procedures in which qualified supervisors are reviewing year-end workpapers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

View of Responsible Officials and Planned Corrective Action:

During fiscal year 2021, the City's Finance Department experienced significant transition of staff at various positions, which diminished the technical abilities and required departmental personnel available with the level of experience to fully analyze the myriad of transactions the City enters into annually. A fully trained and experienced staff is required in order to effectively, efficiently, compliantly, and timely prepare the City's Annual Comprehensive Financial Report (ACFR) in accordance with Generally Accepted Accounting Principles (GAAP). This diminished level of technical strength in the City Finance Department has been a detriment and impedance to timely external audit preparation.

The continuance of turnover in staff in the Finance Department has impacted the adjustments noted in the preceding paragraph. The capital asset and long term debt issues were all related to policies and procedures that were unfamiliar to new and inexperienced staff members. Procedures have been established going forward to strengthen the review process of workpapers and reconciliations. A continued focus on staff retention, education, and development is key to strengthening our technical abilities, which will in turn reduce the number of year-end adjustments required for timely preparation of the annual external financial reporting.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2021-002: COVID-19 Coronavirus Relief Funds – Assistance Listing #21.019, Activities Allowed or Unallowed, Controls Over Business Grants

Condition:

During our review of small business grant disbursements, we noted staff tasked with reviewing and approving grant applications did not follow up on information provided by business owners even when concerns were brought to their attention.

Criteria:

The City had a fiscal responsibility to not only review and approve applications before disbursements but also to monitor the use of those funds after disbursement as necessary, particularly if circumstances arise that would give the City cause for concern.

Cause:

Inadequate internal control design over small business grant disbursement procedures and processes.

Effect:

Small business grant funds could be disbursed to a business that does not meet the qualifications.

Questioned Cost Amount:

Not applicable.

Perspective Information:

Not applicable.

Recommendation:

We recommend following up on information provided by the business owner that is of concern or questionable.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that follow up occurs regarding information provided by business owners.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-003: Commonwealth of Virginia – Disclosure Statements

Condition:

Seven of 83 disclosure statements were not filed timely and three of 83 statements were not received.

Recommendations:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will ensure that disclosures are filed timely.

2021-004: Commonwealth of Virginia – Highway Maintenance Testing

Condition:

Six of ten time cards tested contained data that could not be allocated to a specific work order.

Recommendations:

We recommend all departments use the newly adopted time reporting software to ensure labor is charged to the correct work order.

View of Responsible Officials and Planned Corrective Action:

Management concurs with the recommendation and will require usage of newly adopted time reporting software to record labor associated with work orders.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA (CONTINUED)

2021-005: Commonwealth of Virginia – Social Services – Special Welfare

Condition:

In eight of twelve months, the Office of the Treasurer did not receive timely reimbursements from the Department of Social Services for Special Welfare expenditures.

Recommendations:

We recommend implementing procedures to ensure timely reimbursements.

View of Responsible Officials and Planned Corrective Action:

All SSA/SSI and stimulus checks received by DSS have been charted and reconciled by the ACPS to the Special Welfare bank statements as of December 17, 2021. Interest has been calculated for the individual accounts. \$5,033.19 has been identified as needing to be returned to the Social Security Administration due to either a potential error on SSA's part or because the youth is no longer in care. An additional \$6,096.10 is under review as likely needing to be returned. \$12,560.56 has been identified as needing to be paid to SSA/SSI recipients or guardians. Within one week, the APSC intends to have these funds approved for distribution. Checks will be issued at the start of the calendar year (delay due to AP year-end processing). Reimbursements to the city's general fund from the Special Welfare account are currently being calculated. We anticipate these reimbursement figures will be available before the end of the year. Treasurer's reports detailing monthly receipts and reimbursements will be issued by the end of the calendar year. This will include 12 individual reports. Once fund distribution has been made, reimbursement made, and treasurer reports submitted, the Special Welfare process will be up to date.

Detailed instructions and operating procedures for the Special Welfare functions of the assigned Account Clerk will be compiled, tested, and completed in order to ensure ongoing adherence to the related Code of Virginia and Federal Policy and requirements for the processing and handling of these types of funds, as well as providing a resource in case of turnover within the DSS Accounting Unit.

CITY OF ROANOKE, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

D. FINDINGS – COMMONWEALTH OF VIRGINIA (CONTINUED)

2021-006: Commonwealth of Virginia – Social Services – Special Welfare

Condition:

In eight of the twelve months, unexpended funds Special Welfare funds and funds dedicated to Special Welfare were not returned to individuals leaving the Special Welfare program, refunded to the funding source, or escheated to the state as unclaimed property.

Recommendations:

We recommend implementing procedures to ensure timely returning of funds.

View of Responsible Officials and Planned Corrective Action:

See response to finding 2021-005.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Audit Adjustments (Material Weakness)

Condition:

During the audit, we noted that several year-end audit adjustments were required to ensure that the financials were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to cash, unearned revenue, liabilities, debt, pension, and capital assets.

Criteria:

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Cause:

With regard to capital assets, it appears that the rollforward workbook and depreciation schedules were not reviewed before year-end entries were made. The City's policy on recording unearned revenue was not applied consistently as year-end entries were made. With regard to cash, the June bank reconciliation was reviewed but reconciling items were not recorded properly. The IBNR liability was not adjusted to incorporate current information. Unearned revenue was recorded using an incorrect report. The accrued interest entry was not reviewed before entries were made. Bond premiums and deferred costs related to the partial refunding of bonds were not removed from amortization schedules. Pension schedules were not reviewed before entries were made, resulting in additional adjustments to deferred inflows and outflows.

Effect:

There is an increased risk of financial statement misstatement.

Recommendation:

We recommend establishing procedures in which qualified supervisors are reviewing year-end workpapers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

Current Status:

Still applicable in the current year, but reduced to a significant deficiency finding, see 2021-001 on the Schedule of Findings and Questioned Costs.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2020-002: Segregation of Duties – Civic Facilities (Significant Deficiency)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. A proper segregation of duties has not been established in functions related to journal entries, monthly financial statements, accounts receivable reconciliations, and the cash vaults at the Civic Facilities.

Criteria:

During our review of the Civic Facilities' journal entries, monthly financial statements, and accounts receivable reconciliations we noted instances where an accountant was preparing but no supervisor review or approval was documented. We also noted an instance in which a manager had access to the cash vault, handled cash, and prepared deposit slips without supervisor review. Finally, we noted that the Accounting Supervisor has administrative rights to accounting software.

Cause:

Civic Facilities did not have sufficient segregation of duties in place during the year.

Effect:

There is a risk that misstatements or fraudulent activity could go undetected.

Recommendation:

We recommend establishing segregation of duties as much as possible, which would include supervisor review. We also recommend that supervisors sign and date their reviews

Current Status:

Most of the conflicts were resolved in fiscal year 2021. The recommendation was reduced to a control deficiency.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2020-003: Bank and Investment Reconciliations (Significant Deficiency)

Condition:

During our review of bank and investment reconciliations, we noted that there was no timestamp to identify who prepared and reviewed the reconciliations and when these processes were completed.

Criteria:

Bank and investment reconciliations were not appropriately documented.

Cause:

Reconciliations were being completed but not documented. Supervisory review, if performed, was not documented.

Effect:

Risk that accounting and bank errors or fraud is not being prevented and detected if reconciliations are not performed timely and reviewed by supervisors.

Recommendation:

We recommend establishing a timestamp procedure to identify who prepared and reviewed and when these processes were completed.

Current Status:

Not applicable in the current year.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2020-004: COVID-19 Coronavirus Relief Funds – Assistance Listing #21.019 Allowable Costs

Condition:

Two instances in which the expenditure was not directly related to the COVID-19 pandemic.

Criteria:

Coronavirus Relief Funds can only be used for COVID-19 related expenditures.

Cause:

Management review of expenditures did not detect that an expenditure was not directly related to the COVID-19 response.

Effect:

The ineligible expenditures were inappropriately charged to the program.

Questioned Cost Amount:

The amount of these transactions totaled \$373.77 from our sample selection. Those questioned costs would project to \$755.61 over the total population.

Perspective Information:

This finding occurred in two of 25 accounts payable disbursements selected for testing.

Recommendation:

We recommend reviewing supporting documentation closely to ensure they are directly related to response to the COVID-19 pandemic.

Current Status:

Not applicable in the current year.

CITY OF ROANOKE, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-005: Commonwealth of Virginia – Disclosure Statements

Condition:

Nine of 73 disclosure statements were not filed timely and four of 73 statements were not received.

Recommendations:

We recommend implementing procedures to ensure that all disclosure statements are filed timely.

Current Status:

Still applicable in the current year, see finding 2021-003 on the Schedule of Findings and Questioned Costs.



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Members of the City Council
City of Roanoke, Virginia

We have audited, in accordance with the 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 *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Virginia (the “City”), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated, [REDACTED], 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing 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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed four instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-003, 2021-004, 2021-005, and 2021-006.**

City’s Response to Findings

The City’s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
[REDACTED], 2022