

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: November 24, 2017

Memorandum to: Dr. Keith Perrigan, Superintendent
Tammy Jones, Finance Director

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of City of Bristol, Virginia School Board for the year ended June 30, 2017, we considered the School Board's internal control structure to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving internal control structure and other operational matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience.

Security for Public Deposits Act (SPDA):

During our audit of cash we noted the bank accounts with Carter Bank are not recognized as public deposits. We recommend the School Board work with the banks to ensure all of their accounts are properly insured in accordance with the Act. The School Board can verify their bank accounts are in compliance here: <https://spda.trs.virginia.gov/quarterlysearch.aspx>.

Statements of Economic Interest (Conflict of Interest):

During our review of conflict of interest statements we noted 1 of 6 that was not completed in its entirety. We recommend all conflict of interest forms be completed using the most up to date form, completed thoroughly, and submitted timely. Please note the next submission is due between January 1st and February 1st for activity in calendar year 2017.

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Capital Assets:

During our initial review of capital assets, we noted the School Board's capitalization threshold was for items with original cost greater than \$1,000, with the exception of textbooks, library books, and certain technology regardless of cost. This threshold is very low in comparison with many School Boards in the area because typically the threshold is \$5,000 for all types of capital assets. Because of the low threshold, the capital asset listing is very long and extensive making detailed reviews difficult and time consuming. After discussion with the Finance Director, the School Board increased its threshold to \$5,000 to ease the administrative burden of tracking immaterial capital assets.

In addition, during our review of the capital assets we noted some items such as painting, parking lot resealing, and rekeying locks that are usually considered repair and maintenance items. We also noted the School Board typically capitalizes library and textbooks in batches and want to make sure the School Board is evaluating if they are still in use each year.

Finally, during our detailed review and recalculation of depreciation, we noted multiple assets that did not include depreciation for fiscal year 2017 and should have. It appears the software requires detailed information to be accurate in the system for each asset to properly depreciate that asset.

Based on the above notes, we recommend the School Board review the capital asset listing in detail to evaluate if all items should have been capitalized and if you want to remove the items previously capitalized under the old threshold that would no longer qualify under the new threshold. We also recommend a review of each asset to ensure it is depreciating correctly for the audits going forward.