

BATH COUNTY SCHOOL BOARD

AGENDA ITEM: INFORMATION { X }                      ACTION {    }                      CLOSED MEETING {    }

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SUBJECT:                      ITEMS FOR BOARD MEMBERS

**BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2017**

**WHITE, WITHERS, MASINCUP & CANNADAY, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

STAUNTON, VIRGINIA

STUARTS DRAFT, VIRGINIA

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# White, Withers, Masincup & Cannaday, PC

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## INDEPENDENT AUDITOR'S REPORT

Bath County School Board  
Warm Springs, Virginia

### **Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the Bath County Public Schools Activity Funds (the Activity Funds), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Activity Funds' 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Bath County Public Schools Activity Funds, as of June 30, 2017, and the revenues received and expenditures paid for the year then ended in accordance with the cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018, on our consideration of the Activity Funds' 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 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 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 Activity Funds' internal control over financial reporting and compliance.

*White, Withers, Masincup + Cannady, P.C.*

Staunton, Virginia  
March 1, 2018

# White, Withers, Masincup & Cannaday, PC

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## 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

Bath County School Board  
Warm Springs, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bath County Public Schools Activity Funds (the Activity Funds) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Activity Funds' basic financial statements, and have issued our report thereon dated March 1, 2018.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Activity Funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Activity Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Activity Funds' 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Activity Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*White, Withers, Masincup + Cannaday, P.C.*

Staunton, Virginia  
March 1, 2018

## FINANCIAL STATEMENTS



**BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS**

Statement of Assets and Fund Balances  
Arising from Cash Transactions  
As of June 30, 2017

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**ASSETS**

Cash

Bath County High School and Mertz Vocational Center

Checking account	\$ 70 469 24	
Checking account - restricted	9 939 09	
Certificates of deposit - restricted	<u>46 606 86</u>	\$ 127 015 19

Millboro Elementary School

Checking account		18 931 56
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Valley Elementary School

Checking account		<u>3 380 84</u>
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**Total Assets**

**\$ 149 327 59**

**FUND BALANCES**

Bath County High School and Mertz Vocational Center

Restricted for Scholarships and Awards	\$ 56 545 95	
Assigned to Activity Funds	<u>70 469 24</u>	\$ 127 015 19

Millboro Elementary School

Assigned to Activity Funds		18 931 56
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Valley Elementary School

Assigned to Activity Funds		<u>3 380 84</u>
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**Total Fund Balances**

**\$ 149 327 59**

**BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS**

Statement of Cash Receipts, Cash Disbursements,  
and Cash Balances  
For the Year Ended June 30, 2017

	<u>Bath County High School and Mertz Vocational Center</u>	<u>Millboro Elementary School</u>	<u>Valley Elementary School</u>
<b>RECEIPTS:</b>			
Revenue	\$ 245 889 09	\$ 40 647 15	\$ 40 909 26
<b>Total Receipts</b>	<u>\$ 245 889 09</u>	<u>\$ 40 647 15</u>	<u>\$ 40 909 26</u>
<b>DISBURSEMENTS:</b>			
Expenditures	\$ 236 445 11	\$ 38 404 42	\$ 54 050 95
<b>Total Disbursements</b>	<u>\$ 236 445 11</u>	<u>\$ 38 404 42</u>	<u>\$ 54 050 95</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	\$ 9 443 98	\$ 2 242 73	\$ ( 13 141 69)
<b>FUND BALANCE - Beginning of Year</b>	<u>117 571 21</u>	<u>16 688 83</u>	<u>16 522 53</u>
<b>FUND BALANCE - End of Year</b>	<u>\$ 127 015 19</u>	<u>\$ 18 931 56</u>	<u>\$ 3 380 84</u>

## BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS

### NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2017

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#### NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the school's activity funds conform to practices prescribed by the State Board of Education for such funds. Policies considered to be significant are described below:

- a. General description of activity - The accounts of the Bath County Schools Activity Funds include monies held in a fiduciary capacity for all student services and activities. Revenues consist principally of admission ticket sales, membership dues, sales of goods and services, rents and contributions. Expenditures consist principally of purchases of supplies, items for resale, books, transportation, uniforms, insurance, food, compensation to officials, and national club fees.
- b. Basis of accounting - The combined statement of the school's activity funds is prepared on the basis of cash receipts and disbursements. Revenue is recognized when received rather than when earned and expenditures are recorded when disbursed rather than when the obligation is incurred. Accordingly, the accompanying statements are not intended to present financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.
- c. Reporting entity - The financial statements present only the school activity funds and do not purport to, and do not, present fairly the financial position of the County of Bath, Virginia.
- d. Transfers - Interfund, interbank, interschool and intrafund transfers, if any, are eliminated in presenting cash receipts and disbursements.
- e. Contributed goods and services - Participants and patrons of programs included in various school activities may contribute goods or services to which no value has been assigned by the schools in the accompanying financial data.

#### NOTE 2--TAX STATUS OF THE FUNDS

The school activity funds are exempt from federal and state income taxes.

#### NOTE 3--POOLED BANK ACCOUNTS

Separate bank accounts are not used for each activity fund. Instead, cash is maintained by each school in pooled bank accounts with accounting records maintained to show the portion of the balance attributable to each fund. Separate bank accounts, generally money market and certificates of deposit, are established for any funds restricted by donors, such as memorials and scholarships.

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

## BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended June 30, 2017

### NOTE 4—FUND BALANCES:

Fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by contributors. Committed fund balance is a limitation imposed by school board resolution. Committed fund balance can be assigned for other uses only by a similar action. Assigned fund balances is a limitation imposed by the school board based on the nature of the Activity Fund. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Activity Funds to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Activity Funds that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Following are the year-end balances of the Bath County High School restricted accounts. These funds are invested in certificates of deposits or money market accounts, with the exception of amounts that have been transferred to the checking account but not disbursed as of the end of the year.

A. Buzzard Scholarship	\$	761 24
The Highland Center		4 000 00
Kendall Awards		8 122 07
Mertz Scholarship		484 09
S. Snead Scholarship		10 733 65
R. Thompson Scholarship		31 489 90
A. Wolfe Scholarship		<u>955 00</u>
<u>Total Restricted Funds</u>	\$	<u>56 545 95</u>

### NOTE 5—ACTIVITY FUNDS NAME CHANGES:

The following activity funds names at Valley Elementary School were renamed during the year. These changes were made either to provide a more accurate or descriptive name or eliminate inactive funds and create new funds. All balances at the beginning of the year were assigned to the new fund names. The following names were changed:

<u>Old Name</u>	<u>New Name</u>
Drama	First Grade
Ecology Club	Fourth Grade
Interest	Fill the Bus Grant
Music	Second Grade
Sunshine Fund	Third Grade
Jean Fridays	Casual Fridays Flow
CCC Refund	Pepsi/Coke Rewards
Principal's Discretionary	Red Ribbon Week/St Fund
Early Childhood Books	Hat/Shoe/Coat Fund
HP – Nature Trail	Other
HP – Preschool Art	PBIS Student Reward

SUPPLEMENTARY INFORMATION

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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Bath County School Board  
Warm Springs, Virginia

We have audited the cash basis financial statements of the Bath County Public Schools Activity Funds as of and for the year ended June 30, 2017, and our report thereon dated March 1, 2018, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of cash receipts, cash disbursements, and cash balances for Bath County High School and Mertz Vocational Center, Millboro Elementary School, and Valley Elementary School are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*White, Withers, Masincup + Cannaday, P.C.*

Staunton, Virginia  
March 1, 2018

## BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS

## BATH COUNTY HIGH SCHOOL &amp; MERTZ VOCATIONAL CENTER ACTIVITY FUND ACCOUNTS

Statement of Cash Receipts, Cash Disbursements, and Cash Balances  
For the Year Ended June 30, 2017

	Cash Balance at 7/1/16	Cash Receipts	Cash Disbursements	Transfers	Cash Balance at 6/30/17
<b>ASSIGNED:</b>					
<b>BATH COUNTY HIGH SCHOOL:</b>					
Athletic	\$ 15 238 71	\$ 21 352 11	\$ 16 872 26	\$ ( 2 049 73)	\$ 17 668 83
Athletic - Temporary	-	32 394 58	33 179 52	784 94	-
Band	12 102 87	111 417 05	116 349 08	1 009 08	8 179 92
Band Uniform Fund	100 00	-	-	-	100 00
Beta	276 99	6 962 26	5 485 50	-	1 753 75
Change	-	1 709 50	1 850 00	140 50	-
Chatelaines	46 51	763 76	1 065 98	255 71	-
Graduates 2016	1 544 36	-	1 544 36	-	-
Class of 2017	1 131 08	1 230 00	1 697 70	-	663 38
Class of 2018	4 123 25	11 916 12	12 144 39	-	3 894 98
Class of 2019	5 250 25	4 352 00	1 981 00	-	7 621 25
Class of 2020	1 446 00	4 676 75	2 621 50	-	3 501 25
Class of 2021	-	1 587 51	633 00	-	954 51
General	3 542 34	569 18	631 53	( 1 210 07)	2 269 92
Interest	-	81 31	783 55	702 24	-
School Improvement Fund	-	10 349 34	4 301 26	( 1 564 50)	4 483 58
Parking Fee	618 93	1 412 50	220 00	1 710 07	3 521 50
Special Ed Snack Fund	98 23	-	105 57	7 34	-
Pack the Bus	555 10	750 00	500 00	-	805 10
Skills USA	341 07	-	-	-	341 07
Replacement Funds	960 94	510 34	65 00	-	1 406 28
Calculator Replacement	-	100 00	-	-	100 00
SCA	355 97	-	-	-	355 97
Friends of Rachel	100 00	-	-	-	100 00
Operation Smile	761 57	-	-	-	761 57
School Board	865 41	13 498 43	14 060 09	-	303 75
Ann Sam's Art Fund	202 34	-	-	-	202 34
Johnny Gazzola Memorial Fund	207 09	-	-	-	207 09
Social Committee	153 62	720 00	615 91	-	257 71
Technology Students	762 74	1 338 74	544 71	-	1 556 77
Yearbook	3 998 60	2 875 00	3 897 60	-	2 976 00
Buckets of Love	153 76	-	57 48	-	96 28
<b>MERTZ VOCATIONAL CENTER:</b>					
Auto Mechanics	\$ 500 00	\$ 3 135 75	\$ 2 986 75	\$ ( 500 00)	\$ 149 00
Carpentry	2 163 68	835 81	1 288 33	-	1 711 16
FBLA Club	911 50	2 723 09	2 975 80	214 42	873 21
FCCLA	2 290 42	4 344 27	4 547 84	-	2 086 85
Culinary Arts	1 356 84	227 00	439 40	-	1 144 44
Family & Consumer Science	45 95	-	-	-	45 95
FCA Club	375 83	-	-	-	375 83
<b>Total Assigned</b>	<b>\$ 62 581 95</b>	<b>\$ 241 832 40</b>	<b>\$ 233 445 11</b>	<b>\$ ( 500 00)</b>	<b>\$ 70 469 24</b>

## BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS

## BATH COUNTY HIGH SCHOOL &amp; MERTZ VOCATIONAL CENTER ACTIVITY FUND ACCOUNTS

Statement of Cash Receipts, Cash Disbursements, and Cash Balances (Continued)  
For the Year Ended June 30, 2017

	<u>Cash Balance at 7/1/16</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers</u>	<u>Cash Balance at 6/30/17</u>
<b>RESTRICTED:</b>					
A. Buzzard Scholarship	\$ 1 256 68	\$ 4 56	\$ 500 00	\$ -	\$ 761 24
A. Dressler Scholarship	-		500 00	500 00	-
The Highland Center Scholarship	-	4 000 00	-	-	4 000 00
Kendall Awards	8 121 26	0 81	-	-	8 122 07
Mertz Scholarship	984 09	-	500 00	-	484 09
S. Snead Scholarship	11 691 41	42 24	1 000 00	-	10 733 65
R. Thompson Scholarship	31 980 82	9 08	500 00	-	31 489 90
A. Wolfe Scholarship	955 00	-	-	-	955 00
<b>Total Restricted</b>	<u>\$ 54 989 26</u>	<u>\$ 4 056 69</u>	<u>\$ 3 000 00</u>	<u>\$ 500 00</u>	<u>\$ 56 545 95</u>
<b>Grand Total</b>	<u><u>\$ 117 571 21</u></u>	<u><u>\$ 245 889 09</u></u>	<u><u>\$ 236 445 11</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 127 015 19</u></u>

See independent auditor's report on additional information.



## BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS

## MILLBORO ELEMENTARY SCHOOL ACTIVITY FUND ACCOUNTS

Statement of Cash Receipts, Cash Disbursements, and Cash Balances  
For the Year Ended June 30, 2017

	Cash Balance at 7/1/16	Cash Receipts	Cash Disbursements	Transfers	Cash Balance at 6/30/17
<b>ASSIGNED:</b>					
Box Tops for Education	\$ 945 79	\$ 676 20	\$ -	\$ -	\$ 1 621 99
CCC	25 00	-	-	-	25 00
Destination Imagination	1 311 20	-	360 00	-	951 20
Facility Use	220 00	-	-	-	220 00
Fall Festival	1 357 57	-	109 76	-	1 247 81
General	1 746 54	24 703 52	22 905 27	-	3 544 79
Interest	-	22 49	-	-	22 49
Library	2 764 04	2 819 63	4 359 00	-	1 224 67
Pack the Bus Donation	211 94	250 00	136 45	-	325 49
Playground	427 55	-	-	-	427 55
Kindergarten Snacks	39 96	539 00	550 17	-	28 79
First Grade Snacks	20 17	188 00	83 09	-	125 08
Principal's Discretionary Fund	166 46	-	-	-	166 46
PBIS Hat Day	-	470 95	78 55	-	392 40
Sixth/Seventh Grades	4 056 97	7 677 50	8 016 58	-	3 717 89
Student Council	1 112 27	386 00	249 71	-	1 248 56
Sunshine Committee	601 68	831 00	598 36	-	834 32
Telephone	207 68	14 91	-	-	222 59
Textbooks - Lost & Damaged	455 73	67 95	52 00	-	471 68
Science Lab	18 28	-	-	-	18 28
Virginia Environmental Endowment	1 000 00	-	-	-	1 000 00
STEM Lab	-	2 000 00	905 48	-	1 094 52
<b>Grand Total</b>	<b>\$ 16 688 83</b>	<b>\$ 40 647 15</b>	<b>\$ 38 404 42</b>	<b>\$ -</b>	<b>\$ 18 931 56</b>

See independent auditor's report on additional information.

**BATH COUNTY PUBLIC SCHOOLS ACTIVITY FUNDS**

VALLEY ELEMENTARY SCHOOL ACTIVITY FUND ACCOUNTS

Statement of Cash Receipts, Cash Disbursements, and Cash Balances  
For the Year Ended June 30, 2017

	Cash Balance at 7/1/16	Cash Receipts	Cash Disbursements	Transfers	Cash Balance at 6/30/17
<b>ASSIGNED:</b>					
First Grade	\$ 928 07	\$ 80 00	\$ -	\$ ( 1 008 07)	\$ -
Fourth Grade	1 010 87	-	85 18	( 925 69)	-
General Fund	6 817 23	16 195 62	25 576 87	3 731 85	1 167 83
Fill the Bus	102 15	250 00	-	( 352 15)	-
Kindergarten	124 77	205 00	243 20	( 86 57)	-
Library - Book Fair	3 921 28	5 872 86	8 777 18	( 934 38)	82 58
Second Grade	171 91	-	-	( 171 91)	-
Pre-School	1 78	199 94	195 91	( 5 81)	-
Fifth Grade	42 50	-	-	( 42 50)	-
Sixth Grade	1 034 80	-	-	( 1 034 80)	-
Seventh Grade	183 14	10 529 14	12 023 19	2 103 39	792 48
School Board	30 00	-	30 00	-	-
Third Grade	14 01	-	-	( 14 01)	-
Casual Fridays Flow	484 85	539 00	515 23	( 508 62)	-
Science	250 00	-	208 43	( 41 57)	-
Textbooks - Lost & Damaged	400 49	-	307 50	( 92 99)	-
SCA	607 02	188 00	402 69	-	392 33
Pepsi/Coke Rewards	16 75	1 018 50	606 73	( 388 52)	40 00
Red Ribbon Week/St Fund	240 83	780 00	677 92	( 342 91)	-
Hat/Shoe/Coat Fund	72 80	400 00	297 34	( 175 46)	-
Other	22 09	-	-	( 22 09)	-
PBIS Student Reward	45 19	151 20	438 52	312 81	70 68
Makerspace Project	-	4 500 00	3 665 06	-	834 94
<b>Grand Total</b>	<b>\$ 16 522 53</b>	<b>\$ 40 909 26</b>	<b>\$ 54 050 95</b>	<b>\$ -</b>	<b>\$ 3 380 84</b>

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March 1, 2018

Sue Hirsh, Superintendent  
Bath County Schools  
Warm Springs, Virginia

We have audited the financial statements of the Bath County Public Schools Activity Funds for the year ended June 30, 2017. 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 August 17, 2017. 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 Bath County Public Schools Activity Funds are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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 statements in the proper period.

### *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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *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 statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have required certain representations from management that are included in the management representation letter dated March 1, 2018.

*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 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 auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the statements of cash receipts, cash disbursements, and cash balances for Bath County High School and Mertz Vocational Center, Millboro Elementary School, and Valley Elementary School, which accompany the financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Sincerely,

*White, Withers, Masincup & Cannaday, P.C.*

# White, Withers, Masincup & Cannaday, PC

THOMAS A. WHITE, CPA  
JOHN W. WITHERS, CPA  
ROBERT W. MASINCUP, CPA  
ANDREW L. CANNADAY, CPA

*Certified Public Accountants*

MEMBERS  
AMERICAN INSTITUTE OF C.P.A.  
VIRGINIA SOCIETY OF C.P.A.

March 1, 2018

Bath County School Board  
Warm Springs, Virginia

In planning and performing our audit of the financial statements of the Bath County Public Schools Activity Funds as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Activity Funds' internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Activity Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Activity Funds' internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 1, 2018, on the financial statements of the Bath County Public Schools Activity Funds.

We have already discussed these comments with management and many have already been appropriately addressed. We will review the status of these comments during our next audit engagement and would be pleased to discuss them in further detail at your convenience, or to assist you in implementing the recommendations.

The communication is intended solely for the information and use of management, Bath County School Board, and others within the Activity Funds, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

*White, Withers, Masincup & Cannaday, P.C.*

MANAGEMENT LETTER POINTS

Cash Receipts and Supporting Documentation

While improved over previous years, we noted a continuing issue with cash receipts for Bath County High School ticket sales. The following ticket reconciliation worksheets selected as part of our sample for testing were missing the ending ticket number or had incomplete ticket sale computations, which invalidates the entire control over the computation of total cash to be turned over to the bookkeeper:

<u>Event</u>	<u>Event Date</u>	<u>Gate Assignment</u>	<u>Sales Income</u>
Football	08/26/16	Main Gate	\$ 376.00
Football	08/26/16	South Gate	\$ 368.00

We strongly recommend completing the ticket reconciliation worksheets in their entirety and providing supporting documentation for all events. Cash receipts is one area of fraud risk for the Activity Funds and utilizing the pre-numbered tickets as intended is one way of mitigating that risk.

General Ledger Report Totals

The general ledger report for Bath County High School shows the following totals:

\$ 127,015.19	Activity Accounts Grand Total
<u>126,515.19</u>	General Ledger Grand Total
\$ <u>500.00</u>	Difference

The difference was caused by a change made to the opening balance in Account 1003, Alan Buzzard Scholarship. It appears the opening balance was changed to correct an issue that occurred in the previous year; however, this approach resulted in understating the balance in the account by \$500 as of June 30, 2017. We have provided the necessary corrections to your staff.

We recommend reviewing these totals on a monthly basis to ensure they agree.

Activity Fund Name Changes

Names of eleven Valley Elementary School funds were changed during the year. Some of the name changes simply gave the fund a more descriptive or appropriate name. However, some of the name changes appear to establish a completely new fund. For example, Drama was changed to First Grade. Creating a new fund in this way creates issues as follows:

1. Reviewing of historical records becomes challenging if trying to compare totals year to year.
2. Balances in the fund become part of the new fund without any audit trail being established.
3. It is challenging to determine the current year receipts and disbursements that occurred before and after the name change in order to report properly.

We recommend creating a new fund instead of simply changing a fund's name when a new fund is needed. Any monies that are to be allocated to the new fund should be processed as an authorized transfer to the new fund. Setting up a new fund in this manner will ensure a proper audit trail is established.

Bath County Public Schools Activity Funds  
 Bath County High School Proposed Adjustments  
 6/30/2017

Fund #	Fund Name	7/1/2016	Receipts	Disbursements	Transfers	6/30/2017
305	<b>School Board:</b>					
	Original	365.41	13,498.43	14,060.09	500.00	303.75
	Adjustment	500.00	-	-	(500.00)	-
	Revised	865.41	13,498.43	14,060.09	-	303.75
304	<b>A. Buzzard Scholarship</b>					
	Original	-	-	500.00	500.00	-
	Adjustment				500.00	500.00
	Revised	-	-	500.00	1,000.00	500.00
903	Original	1,756.68	4.56	-	(1,000.00)	761.24
	Adjustment	(500.00)	-	-	-	(500.00)
	Revised	1,256.68	4.56	-	(1,000.00)	261.24
	Revised (Consolidated)	1,256.68	4.56	500.00	-	761.24

**Explanation:**

In FY 16, a \$500 bank transfer was made from the A. Buzzard Scholarship CD into checking. The GL entry was posted as if the transfer came from A/C 305 (School Board) instead of 903 (A Buzzard Sch). No GL AE was proposed for FY 16 as it appeared to already be corrected in FY 17 at that time. In FY 17, another \$500 bank transfer was made again to correct the error, but it should have only been a book entry and not another actual cash transfer. Also, in FY 17 the beginning balance in the CD account (1003) was reduced by \$500.00. As a result, the ending balance at 6/30/17 was \$<238.76> and it should have been \$261.24, which was the actual balance in the CD. Thus the total cash on P. 3 of the GL Report is \$500 less than the correct total on P. 2 of the GL Report.

The following GL adjustments need to be made for the above issue if not already corrected:

500.00 Increase to 304  
 (500.00) Decrease to 903  
 500.00 Increase to 1003 (appears need to adjust beginning balance instead of making an AE)

Bath County Public Schools Activity Funds  
 Bath County High School Proposed Adjustments  
 6/30/2017

Fund #	Fund Name	7/1/2016	Receipts	Disbursements	Transfers	6/30/2017
	<b>Robin G. Thompson Scholarship</b>					
298	Original	29,467.19	-	29,467.19	-	-
	Adjustment					-
	Revised	29,467.19	-	29,467.19	-	-
900	Original	2,513.63	28,976.27	-	-	31,489.90
	Adjustment		(28,967.19)	(28,967.19)	-	-
	Revised	2,513.63	9.08	(28,967.19)	-	31,489.90
	Revised (Consolidated)	31,980.82	9.08	500.00	-	31,489.90

**Explanation:**

In FY 17, \$28,967.19 was added to the CD out of the checking account. That transaction was recorded as a receipt and a disbursement instead of a transfer. We have netted out the \$28,967.19 in order to show just the interest income earned and \$500 scholarship disbursed when the accounts are combined.

**No entry is necessary as a result of the above issue since it nets to zero and there is no impact on cash balances.**



**BATH COUNTY SCHOOL BOARD  
VSBA MEETINGS & CONFERENCES  
April to July 2018 CALENDAR**

<b><u>April 17</u></b> Hot Topic Conference Chesterfield Career & Tech Center <i>(No Interest)</i>
<b><u>April 25</u></b> Regional Valley Spring Network Forum Harrisonburg City Schools/ Bluestone Elementary <i>(Board members, Mrs. Hirsh &amp; Ms. Beard are registered)</i>
<b><u>May 15-16</u></b> 2 part "Live" Webinar series Intentional Governance in Practice: School board actions related to improved achievement 12 to 1 PM
<b><u>June 1</u></b> School Law Conference Short Pump Hilton, Richmond, VA
<b><u>July 17</u></b> Conference on Education Richmond, VA Marriott

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## Essential Connections

### **The inequality in home access to high-speed internet service is the new digital divide**

When evening comes to the remote corners of California's Coachella Valley, a child's opportunity to research a school project online or complete a digital homework assignment can be severely limited. Often, the only internet service available is courtesy of a school bus parked in one of the many trailer parks that serve the poor Hispanic families that work the valley's large farms.

What has a school bus to do with internet service? The Coachella Valley Unified School District has equipped its bus fleet with internet routers that provide the only Wi-Fi hotspots for miles around. It's an innovative, if imperfect, initiative by the sprawling rural school system to ease an often overlooked facet of education's digital divide: the inequity in home access to the high-speed internet service that's increasingly essential to a 21st century education.

"Most of our parents work in the fields, or they work in some of the resort areas in Palm Springs, the more affluent areas in the Coachella Valley," says Superintendent Darryl Adams. "But our district happens to be on the wrong side of the tracks. The poverty is just amazing. A major problem for us was that about 30 percent of our kids were not connected to the internet, and that's when we came up with the idea of letting kids connect through our buses. It's a smart way to get our students connected."

### **'Homework Gap'**

The ubiquity of cable, computers, and cellphones in today's society would suggest that today's students -- rich and poor -- have near universal access to the internet. But the issue is not so straightforward. In households with an annual income below \$30,000 a year, about 30 percent have no computer or cellphone connected to the internet.

While many poor families have a cellphone, internet service is problematic. Some cannot afford a data plan, or several siblings may share a limited data plan. Service may be cut off for weeks for financial reasons. In impoverished, remote rural communities, cell service can be intermittent or nonexistent.

Even where internet service exists, not all access is equal, adds Keith Krueger, chief executive officer of the Consortium for School Networking (CoSN). One study suggests 40 percent of households nationwide do not have the high-speed service considered necessary for student homework.

He says: "The question is: Do students have a broadband connection? Do they have a device that's more than a smartphone, because ... can you really do homework on a smartphone?"

For school boards, the relevance of these questions is underscored by an estimate of the Pew Research Center: At least 5 million students across the nation -- mostly poor or rural -- lack the high-quality internet connectivity they need to stay on top of homework and after-school projects. Even in affluent districts, connectivity is an issue, and those disproportionately affected are likely to be the poorest and most academically vulnerable students.

As technology becomes an increasingly integral part of classroom instruction, as more instructional material is digitized and online, access to high-speed internet service is critically important for students to continue their learning after school. "For students without that access ... it's been termed the 'homework gap,'" Krueger says. "It becomes one more barrier to success for low-income kids."

## Finding Solutions

To witness the human side of this issue, just drive down the streets of McAllen, Texas, where students can be seen on the sidewalk outside their school buildings some evenings and weekends. Standing there, connecting to their school's Wi-Fi network, is the only option for these students who clearly want to do their schoolwork.

Nearly 23 percent of students did not have internet service at home, according to a district survey. Of those students, says J. Ann Vega, the district's director of instructional technology, 39.4 percent said they go outside of school to get online; 32.9 percent say they go to the main library; 20.1 percent go to McDonald's, Burger King, or another restaurant; and "22.4 percent say 'other,' with a lot saying they use their mom's phone or go to their uncle's house."

In McAllen, 68 percent of the largely Hispanic student population is economically disadvantaged. Household internet access in this region of South Texas is among the lowest in the nation, according to a 2014 study by the National Digital Inclusion Alliance.

Yet, school officials have not accepted the situation as inescapable, and they've made a prodigious effort to ease this digital divide between poor and affluent students. The district has put a digital device -- an iPod, iPad, or laptop -- in the hands of all 25,000 students and teachers. While this does not directly resolve the issue of home connectivity, these devices are an essential tool to access what services are available in the community -- and a prerequisite to completing many homework assignments.

"Because a large part of the population doesn't have Wi-Fi access, we wanted to make sure students had devices where they could download information at school and then work on it at home -- and then when they come back to school, they could link back to the system," says interim Superintendent Jose Gonzalez.

It's not a perfect solution. But at least the district is aggressively working to resolve the issue. It's more than some districts are doing. One CoSN study found that, while school districts are actively improving broadband connectivity in schools, 75 percent have no data on their students' home connectivity, even though 70 percent of teachers today say they assign work that requires broadband access.

That's got to change, Krueger says. "If we really believe that education is increasingly digital, then we must enable access to robust digital resources. Local policymakers need to be very intentional ... they need to lead on this issue. A school district may not be able to solve this issue alone, but they need to lead ... to work with their community. This is now the digital era, and home connectivity is a civil rights issue."

## **'It's a Matter of Equity'**

The connection imperative was influential in launching an ambitious initiative in Clinton, Mississippi. School officials garnered community support for a special tax levy to provide every student in the district with a personal digital device -- iPads in the early grades, laptops for older students.

As part of that effort -- and in recognition of the connectivity issues facing students from low-income households -- the district also makes available portable Internet routers that students can sign out of school.

This effort has gone a long way in leveling the playing field for all students, says Assistant Superintendent Tim Martin. But the issue of connectivity is still in the thoughts of school officials, who are in talks with the municipal government to add public Wi-Fi hotspots across town, such as the city's sports complex.

"It's a matter of equity," he says. "If we did nothing, we'd be exacerbating the differences in educational opportunities between haves and have-nots. That's why we made the commitment to do these things."

Others are making a similar commitment. The Kent School District, just south of Seattle, has set up Wi-Fi hotspots in community centers near public housing, making internet access available in a safe and convenient setting for the district's poorest students. The district also has partnered with local restaurants, coffee shops, and other businesses to establish a network of commercially owned Wi-Fi hot spots that welcomes students.

Outside Atlanta, the Forsyth County school system has joined forces with local businesses willing to welcome students needing Wi-Fi access—and it lists the sites online for students' convenience. The business community has helped fund the purchase of 360 Wi-Fi routers that have been distributed among the district's poorest students.

"On snow days, we do online learning days for the entire district, and we couldn't have done that if we didn't have these Wi-Fi devices," says Jennifer Caracciolo, the district's communications director.

Many districts also are working with local telecommunications companies to promote special programs that provide subsidized internet service to low-income families. Several private philanthropic groups, as well as the Obama administration's ConnectHome initiative, also are working to bring high-speed broadband to low-income households.

## Rural Challenges

Such efforts will find their biggest challenge in rural communities, where distance, population density, and poverty all conspire to discourage private investment in broadband connections. Virginia's Albemarle County Public Schools, which has the added complication of mountainous terrain that isolates communities, may reveal a potential solution.

Placing transmitters on its schools and on county emergency communications towers, the district is setting up a Wi-Fi broadcasting network that, within three years, could allow every student with a district-provided laptop to access the internet from their home.

The cost, says Vincent Scheivert, the district's chief information officer, could prove less than the price of installing fiber optics in a school. Since most families in remote areas of the county live close to a school, the district is confident that it will largely solve the connectivity issue for its students.

It's the wisdom of the investment, however, that's important, he says. "We normally say cost is never the problem; creativity is generally the problem. There's a solution to fit any budget. You start small with a Wi-Fi hotspot; if you can be more ambitious, you do a little more. But doing nothing is not an option."

On the other side of the country, in Coachella Valley, school officials have been just as determined to bring connectivity to the rural student population. They decided to find a silver lining in the tedious bus ride that rural students endure -- up to two hours each way -- and put routers on each school bus so students could do their homework.

Then, each evening, drivers park the buses, and a number of older district-owned vans and cars, at strategically placed locations across the county so Wi-Fi hotspots can be accessed by students all evening and over the weekends.

One day, Coachella Valley's Adams says, the district may follow Albemarle County's vision of developing the infrastructure to serve as its own Internet provider, ensuring that students have 24-hour, seven-day-a-week internet at home. "We're not trying to take the cable company's business away -- but we want see all our students connected."

Whatever works, Scheivert says. Broadband connectivity in students' homes is as essential as a textbook or pencil.

"When we look at the internet access of students, we don't look at it as a perk or a nice thing for kids to have," he says. "A lot of school divisions might have that approach, but we see the internet as a 21st century version of the 19th century textbook. It's not something nice to have; it's something that every student has to have."

## **Equal access to technology**

School leaders are proving much more successful in providing students with equal access to technology within their schools, which in some instances is easing the digital divide that exists for students outside school.

Four years ago, for example, Mississippi's Clinton Public Schools launched a one-to-one initiative that put an iPad or laptop in the hands of each of the district's 5,200 students. Older students received a specially padded backpack, as well, so they could take their devices home.

This one-to-one strategy not only has allowed the district to better integrate technology into everyday classroom lessons, but it's also removed a significant obstacle for poor children -- which make up a sizable segment of the student population, says Assistant Superintendent Tim Martin. No longer are they denied the technology they need for after-school learning.

"This was the way to make sure we were lifting all students," he says. "For some, this is the first and only computer they've ever had at home."

The idea of providing every student with a district-owned digital device has not won universal support across the nation, and some school districts have stumbled in implementing such initiatives. But a growing number of districts have learned from watching the mistakes of others, and they are finding that these programs aren't prohibitively expensive.

While piloting a new one-to-one program is a must, say district officials, another important lesson is summarized in the 2016 National Education Technology Plan released in December, when the U.S. Department of Education emphasized the need to train teachers to make productive use of classroom technology.

In successful start-ups, teacher training begin long before devices were handed out to students. In Clinton, for example, teachers received their devices a year in advance and were provided with significant instruction on their use. Technology coaches went into classrooms to help teachers integrate the devices into classroom instruction once students received their devices.

"This was non-negotiable," Martin says. "If this was going to work, we had to get teachers working on this."

School districts also are making great progress in another important area -- securing high-speed Internet service. Even remote California's Coachella Valley Unified School District has successfully upgraded its connectivity. To ensure that the district could handle any challenge, says Superintendent Daryl Adams, the school network was built to handle 60,000 devices simultaneously, almost three times the number currently in schools.

It will take time to provide all schools with appropriate broadband services, but the possibility that the nation will reach this long-sought goal is getting closer. The Federal Communications Commission recently boosted the federal E-rate program's budget by \$1.5 billion to fund the nation's investment in school connectivity.

"Within four years, we should have high-speed Internet in every school," predicts Keith R. Krueger, chief executive officer of the Consortium for School Networking. "While there's still work to be done, the worst inequities are disappearing."

That's a hopeful prediction. But even Krueger acknowledges that improving connectivity at school only intensifies the need for school leaders to be informed about students' home connectivity. "National data, while important, doesn't tell you enough," he says. "You need, as a school leader, to understand school by school who doesn't have connectivity, and family by family who needs help."

*If you have any questions about this Policy Page, please call Elizabeth Ewing  
at 434-295-8722.*