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School Finance Office • PO Box 7347 • 85 Mountain Street Asheville, North Carolina 28802

October 19, 2022

Anderson Smith & Wike PLLC
PO 1169
Elon, NC 27244

This representation letter is provided in connection with your audit of the financial statements of Asheville City Board of Education, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 18, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties, if any, have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, if any, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements.
- 10) Guarantees, whether written or oral, under which the Board of Education is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Board of Education from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Board of Education and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Board of Education's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements.
- 18) We have disclosed to you the names of the Board of Education's related parties and are not aware of any related party relationships, transactions or side agreements.
- 19) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Government—specific

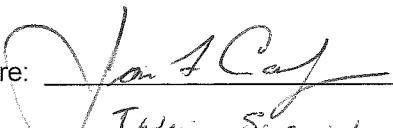
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

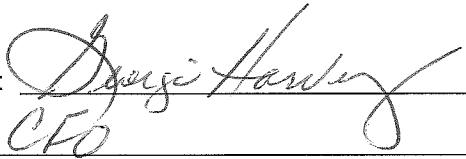
- 23) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 24) The Board of Education has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have appropriately disclosed all information for conduit debt obligations in accordance with GASBS No. 91, if applicable.
- 27) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal and State awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and the schedule of expenditures of federal and State awards.
- 30) The Board of Education has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The Board of Education has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 33) The financial statements include all fiduciary activities, if any, required by GASBS No. 84, as amended.
- 34) The financial statements properly classify all funds and activities, in accordance with GASBS No. 34, as amended.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

- 44) We have appropriately disclosed the Board of Education's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the individual non-major fund financial statements, budgetary schedules and other schedules ("other supplemental information"), we acknowledge our responsibility for presenting the individual fund budgetary schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the individual fund budgetary and other schedules, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the individual fund budgetary and other schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 48) With respect to federal and State award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal and State awards (SEFSA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFSA.
 - c) If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the SEFSA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFSA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal and state awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal and State awards related to each of our federal and State programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
 - f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and State awards in compliance with federal and State statutes, regulations, and the terms and conditions of federal and State awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
 - g) We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal and state programs and related activities.

- h) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
 - i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* (including its Addendum) and the compliance supplements issued by the NC Department of Public Instruction and the NC Local Government Commission, relating to federal and State awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and State awards.
 - j) We have disclosed any communications from federal and State awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - k) We have disclosed to you, if applicable, the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
 - l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, if applicable.
 - m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - n) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal and State program financial reports and claims for advances and reimbursements.
 - o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
 - q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
 - r) Federal and State program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agencies or pass-through entities, as applicable.
 - t) We have charged costs to federal awards in accordance with applicable cost principles.
 - u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- 49) With respect to employee census information:
- a) We have reported all eligible employees to the Teachers' and State Employees' Retirement System ("TSERS") via the Online Retirement Benefits Integrated Technology ("ORBIT") System.
 - b) The census data for eligible employees reported to TSERS via ORBIT is complete and accurate as of December 31, 2020 (measurement date for the net pension liability, net OPEB asset and net OPEB liability reported at June 30, 2022).

- c) We are responsible for the Board's compliance with requirements as established in the Retirement System's Handbook.
- d) We are in agreement with the Board's proportionate share of net pension liability, net OPEB asset and net OPEB liability, deferred outflows of resources, deferred inflows of resources, pension expense and OPEB expense as determined by the N.C. State Auditor and presented in the financial audits of the Teachers' and State Employees' Retirement System, Retiree Health Benefit Fund and Disability Income Plan of North Carolina for the year ended June 30, 2021.

Signature: 
Title: Interim Superintendent

Signature: 
Title: CFO