

**TRANSYLVANIA COUNTY BOARD
OF EDUCATION**

BREVARD, NORTH CAROLINA

REPORT ON COMPLIANCE

FOR THE YEAR ENDED JUNE 30, 2021

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
BREVARD, NORTH CAROLINA**

**REPORT ON COMPLIANCE
JUNE 30, 2021**

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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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Transylvania County, North Carolina

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Transylvania County Board of Education, North Carolina, as of and for the year ended June 30, 2021 (not presented here), and the related notes to the financial statements, which collectively comprises the Transylvania County Board of Education's basic financial statements, and have issued our report thereon dated January 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Transylvania County Board of Education's internal control over financial reporting (internal control) as a basis for designing the 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 Transylvania County Board of Education, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 Transylvania County Board of Education, North Carolina'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.



Brevard, North Carolina
January 19, 2022

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit
Implementation Act**

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Transylvania County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Transylvania County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Transylvania County Board of Education, North Carolina's major federal programs for the year ended June 30, 2021. The Transylvania County Board of Education, North Carolina'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 and state statutes, regulations, and 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 Transylvania County Board of Education'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) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act 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 Transylvania County Board of Education, North Carolina'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 Transylvania County Board of Education, North Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, the Transylvania County Board of Education, North Carolina 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 Internal Control Over Compliance

Management of the Transylvania County Board of Education, North Carolina 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 Transylvania County Board of Education, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Transylvania County Board of Education, North Carolina'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 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 significant deficiencies or material weaknesses. 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.

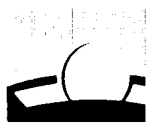
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Transylvania County Board of Education, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Transylvania County Board of Education, North Carolina's basic financial statements. We issued our report thereon dated January 19, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transylvania County Board of Education, North Carolina's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic 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 basic 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Calabria & Adams, Inc.

Brevard, North Carolina
January 19, 2022



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Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Transylvania County, North Carolina

Report on Compliance for Each Major State Program

We have audited Transylvania County Board of Education, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Transylvania County Board of Education, North Carolina's major state programs for the year ended June 30, 2021. The Transylvania County Board of Education, North Carolina's major state 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 state statutes, regulations, contracts, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Transylvania County Board of Education, North Carolina's major state 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 applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, and the *State Single Audit Implementation Act* 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 state program occurred. An audit includes examining, on a test basis, evidence about the Transylvania County Board of Education, North Carolina'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 state program. However, our audit does not provide a legal determination of the Transylvania County Board of Education, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, the Transylvania County Board of Education, North Carolina 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 state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Transylvania County Board of Education, North Carolina 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 Transylvania County Board of Education, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state 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 Transylvania County Board of Education, North Carolina'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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 state 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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 significant deficiencies or material weaknesses. 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Transylvania County Board of Education, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Transylvania County Board of Education, North Carolina's basic financial statements. We issued our report thereon dated January 19, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Transylvania County Board of Education, North Carolina's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Carla L. Adair, Inc.

Brevard, North Carolina
January 19, 2022

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. Summary of Auditor's Results

Financial Statements

- A. An unmodified opinion was issued on the financial statements of the Transylvania County Board of Education.
- B. The audit of the basic financial statements disclosed no material weaknesses over financial reporting or significant deficiencies in internal control.
- C. The audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

Federal Awards

- A. The audit of compliance with the types of compliance requirements applicable to the Board's major federal programs disclosed no material weaknesses or significant deficiencies in internal control over major federal programs.
- B. An unmodified opinion was issued on the Transylvania County Board of Education's compliance with the types of compliance requirements applicable to its major federal programs.
- C. The audit disclosed no audit finding which relate to federal awards that are required to be reported in accordance with 2 CFR 200.561(a).
- D. Major federal programs for the Transylvania County Board of Education for the fiscal year ended June 30, 2021 are:

<u>Name of Program</u>	<u>Assistance Listing Number</u>
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Child Nutrition Discretionary Grants	
Limited Availability	10.579

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

- E. The threshold for determining Type A programs for the Transylvania County Board of Education is \$750,000.
- F. Transylvania County Board of Education qualified as a low risk auditee under Uniform Guidance.

State Awards

- A. The audit of compliance with the types of compliance requirements applicable to the Board's major state programs disclosed no material weaknesses or significant deficiencies in internal control over major state programs.
- B. An unmodified opinion was issued on the Transylvania County Board of Education's compliance with the types of compliance requirements applicable to its major state programs.
- C. The audit disclosed no audit finding which relate to state awards that are required to be reported in accordance with the State Single Audit Implementation Act.
- D. Major State programs for the Transylvania County Board of Education for the fiscal year ended June 30, 2021 are:

Name of Program

State Public School Fund

Vocational Education

State Months of Employment

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

II. Findings Related to the Audit of the Basic Financial Statements of the Transylvania County Board of Education

The Transylvania County Board of Education had no findings or questioned costs related to the audit of the basic financial statements for the fiscal year ended June 30, 2021.

III. Findings and Questioned Costs related to the Audit of Federal and State Awards

The Transylvania County Board of Education had no findings or questioned costs related to the audit of federal or state awards for the fiscal year ended June 30, 2021.

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

A Corrective Action Plan has already been implemented by the Transylvania County Board of Education for all prior year findings.

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

The Transylvania County Board of Education had no findings or questioned costs related to the audit of federal and state awards for the previous three fiscal years.

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
<u>Child Nutrition Cluster</u>			
Non-cash assistance (commodities):			
Passed-through N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ 183,134
Cash assistance:			
Passed-through N.C. Department of Public Instruction:			
National School Lunch Program	10.555	PRC 035	\$ 24,416
Summer Food Service Program for Children	10.559	PRC 050	1,658,548
Child Nutrition Discretionary Grants Limited Availability	10.579	PRC 053	15,452
Total Cash Assistance			\$ 1,698,416
Total Child Nutrition Cluster			\$ 1,881,550
Total U. S. Department of Agriculture			\$ 1,881,550
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)	84.010	PRC 050	\$ 959,933
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	52,766
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - Targeted Support and Improvement	84.010	PRC 115	1,196
Total Title I Grants to Local Educational Agencies (Title I)			\$ 1,013,895
<u>Special Education Cluster</u>			
Special Education - Grants to States (IDEA, Part B)			
- Education of the Handicapped	84.027	PRC 060	\$ 723,894
- Special Needs Targeted Assistance	84.027	PRC 118	4,500
Special Education - Preschool Grants (IDEA Preschool)			
- Preschool Handicapped	84.173	PRC 049	39,789
Total Special Education Cluster			\$ 768,183
<u>Education for Homeless Children and Youth Cluster</u>			
Education for Homeless Children and Youth	84.196	PRC 026	\$ 30,122
Total Education for Homeless Children and Youth Cluster			\$ 30,122

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	State/ Pass-through Grantor's Number	Expenditures
Career and Technical Education - Capacity Building Grant	84.048	PRC 017	\$ 59,438
Supporting Effective Instruction State Grants	84.367	PRC 103	121,952
English Language Acquisition Grants	84.365	PRC 104	11,366
Student Support and Academic Enrichment Program	84.424A	PRC 108	87,055
COVID-19 Education Stabilization Fund	84.425		
CARES Act K12 Emergency Relief Fund		PRC 163	\$ 715,329
Exceptional Children Grants		PRC 167	5,138
Specialized Instructional Support for COVID-19		PRC 169	12,371
Governor's Emergency Education Relief Fund Competency		PRC 178	10,450
K12 Emergency		PRC 181	76,424
Total Education Stabilization Fund			\$ 819,712
Total U. S. Department of Education			\$ 2,911,723
Total Federal Assistance			\$ 4,793,273
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund		N/A	\$ 21,816,425
Driver Training-SPSF		PRC 012	65,908
School Technology Fund - SPSF		PRC 015	943
Vocational Education:			
-State Months of Employment		PRC 013	1,380,892
- Program Support Funds		PRC 014	130,795
Non-Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation		PRC 120	179,631
Textbooks		PRC 130	206,390
Total N.C. Department of Public Instruction			\$ 23,780,984
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development and Early Education			
Smart Start		PRC 401	\$ 1,679
NC Pre-Kindergarten Program		PRC 413	250,367
Total N.C. Department of Health and Human Services			\$ 252,046
<u>N.C. Department of Public Safety</u>			
Passed-through Transylvania County			
Juvenile Crime Prevention Councils		PRC 414	\$ 46,715
Golden Leaf Foundation		PRC 571	\$ 2,798
Total State Assistance			\$ 24,082,543
Total Federal and State Assistance			\$ 28,875,816

**TRANSYLVANIA COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Transylvania County Board of Education, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Transylvania County Board of Education, North Carolina, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Transylvania County Board of Education, North Carolina.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

3. Indirect Cost Rate

The Transylvania County Board of Education, North Carolina has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.