



89 NORTH CALDWELL STREET • BREVARD, NC 28712

MEMBER - AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER - NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

November 9, 2022

To the Transylvania County
Board of Education
Brevard, North Carolina

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 for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, 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 June 16, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Transylvania County Board of Education, North Carolina are described in the Summary of Significant Accounting Policies note to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2022 year. We noted no transactions entered into by the Transylvania County Board of Education, North Carolina 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the Transylvania County Board of Education, North Carolina's financial statements were management's estimate of depreciation expense on capital assets and the actuarial estimates related to the Teachers' and State Employees' Retirement System's (TSERS) pension and other postemployment benefit (OPEB) plans.

The estimate of depreciation expense is based on the estimated useful lives of the assets which have been developed from historical data applicable to governmental units. The actuarial estimates related to the TSER's plans are based on studies prepared for the State of North Carolina.

We evaluated the key factors and assumptions used to develop the estimates of depreciation expense and the actuarial estimates of the TSERS's pension and OPEB plans in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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.

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 requested certain representations from management that are included in the management representation letter dated November 9, 2022.

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 Transylvania County Board of Education, North Carolina’s 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 the Transylvania County Board of Education, North Carolina’s 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 applied certain limited procedures to Management’s Discussion and Analysis and the Teachers’ and State Employees’ Retirement System’s Schedules of Proportionate Share of the Net Pension and OPEB Liability (Asset) and Schedules of Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual fund budgetary schedules, which accompany the financial statements, and the schedule of expenditures of federal and state awards which are issued separately from the financial statements, but are not RSI. 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 accounting principles generally accepted in the United States of America, 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 information and use of the Transylvania County Board of Education, North Carolina and management of the Transylvania County Board of Education, North Carolina and is not intended to be, and should not be, used by anyone other than these specified parties.

Carland & Andersen, Inc.

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cc: Local Government Commission
Department of State Treasurer
Raleigh, North Carolina