

AUDIT REPORT SUMMARY OF THE BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS

For the Year Ended June 30, 2020



Services Performed

- Annual audit of financial statements
- Compliance audit in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act
- Assistance with the preparation of the Financial Statements
- Report to management on observations and recommendations for improvements
- Consultation on accounting matters as requested
- Attendance at Board meetings/committee meetings as requested

Auditor Independence

Auditor independence is assessed in accordance with Government Auditing Standards. Government Auditing Standards, 2018 Revision (2018 Yellow Book) states that an audit organization or the individual auditor must be independent. Independence includes both independence of mind and independence in appearance. No events have occurred to impair our independence during the current year audit.

Opinions

Basic Financial Statements

We expressed an **unmodified opinion** (the best opinion you can get) on the fair presentation of the basic financial statements.

Major Programs

We expressed **unmodified opinions** based on compliance requirements that could have a direct and material effect on the major federal and State programs:

- Child Nutrition Cluster
- State Public School Fund

Required Supplementary Information

Required Supplementary Information consists of:

- Management Discussion and Analysis
- Schedule of the Board's Proportionate Share of the Net Pension Liability
- Schedule of the Board's Proportionate Share of the OPEB Liability/Asset
- Schedule of Board Contributions (Pension & OPEB)

We applied certain limited procedures on the 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 RSI and do not express an opinion or provide any assurance on the RSI.

Individual Fund Statements and Schedules

We were engaged to report on the individual fund statements and schedules, which accompany 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.

Deficiencies and Recommendations:

Material Weakness

The Board is required to maintain a system of internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Board's internal controls over GAAP financial reporting should include all closing journal entries necessary to summarize accounting transactions and reflect transactions accurately.

Significant Deficiencies

None

Other Recommendations

None

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Board of Education of
Thomasville City Schools, 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 Board of Education of Thomasville City Schools, North Carolina for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 April 23, 2020. 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 Board of Education of Thomasville City Schools, North Carolina are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the governmental unit 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 Board's financial statements were:

Management's estimate of depreciation is based on an analysis of estimated useful lives of individual assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the current portion of the compensated absences is based on historical annual and bonus leave used and an analysis using the current year's retirement percentages. We evaluated the key factors and assumptions used to develop the current portion in determining that it is reasonable in relation to the financial statements taken as a whole

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. 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 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 each opinion unit's 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 the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2020.

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 Board'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 governmental unit'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 the Schedules of the Board's Proportionate Share of the Net Pension Liability and OPEB Liabilities (Assets) and the Schedules of Board 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 combining and individual fund statements and schedules, which accompany 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 Board and management of the Board of Education of Thomasville City Schools, North Carolina and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

RH CPAs, PLLC

Lexington, North Carolina
October 29, 2020

Board of Education of
Thomasville City Schools, North Carolina

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Thomasville City Schools as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Board of Education of Thomasville City Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Board of Education of Thomasville City Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of Thomasville City Schools' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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. We consider the following deficiency in the Board of Education of Thomasville City Schools' internal control to be a material weakness:

Numerous audit adjustments were necessary to properly reflect accounting transactions accurately. This was due to insufficient monitoring and oversight of the general ledger.

The Board of Education of Thomasville City Schools', written response to the significant deficiencies identified in our audit was not subjected to the auditing procedures applied the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, The Board of Education of Thomasville City Schools, North Carolina, and is not intended to be, and should not be, used by anyone other than these specified parties.

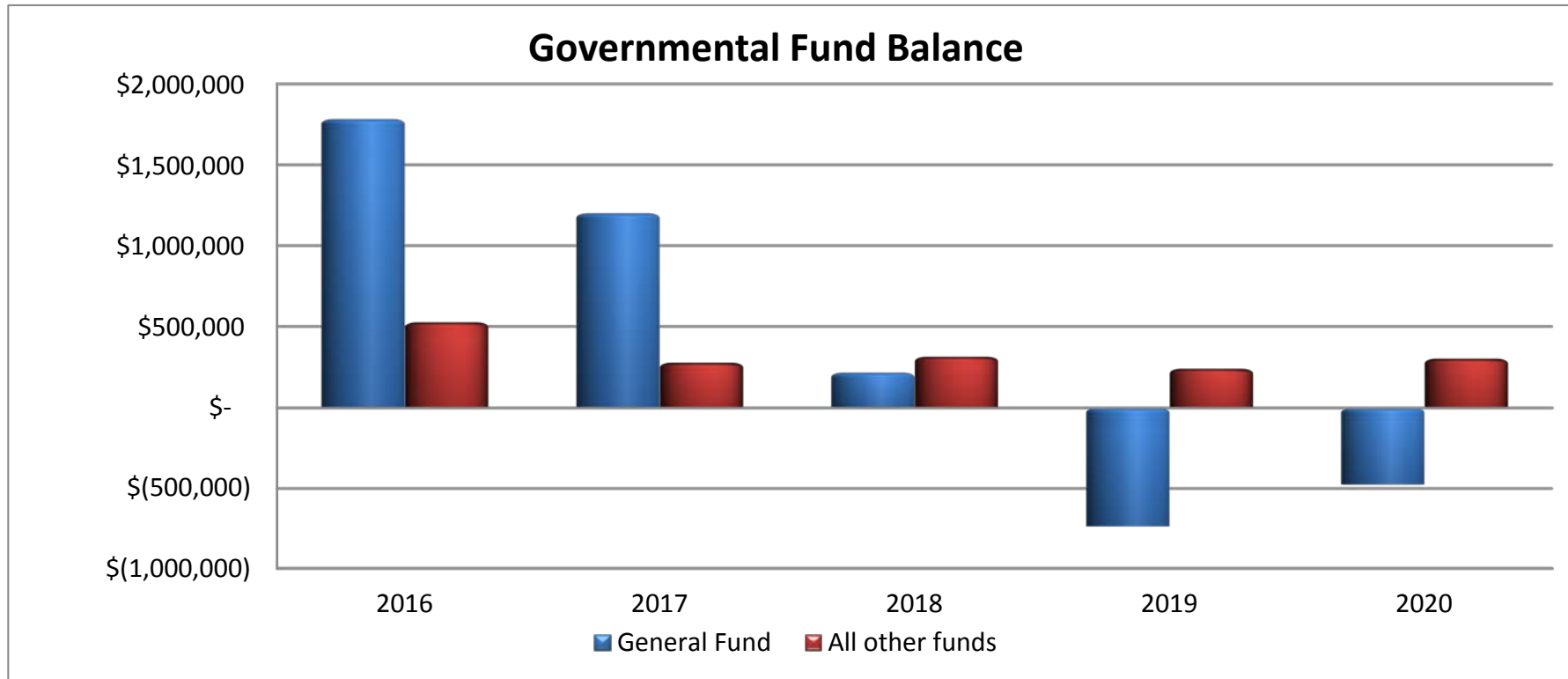
RH CPAs, PLLC

Lexington, North Carolina
October 29, 2020

BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
TRENDS
JUNE 30, 2020

FOR MANAGEMENT PURPOSES ONLY

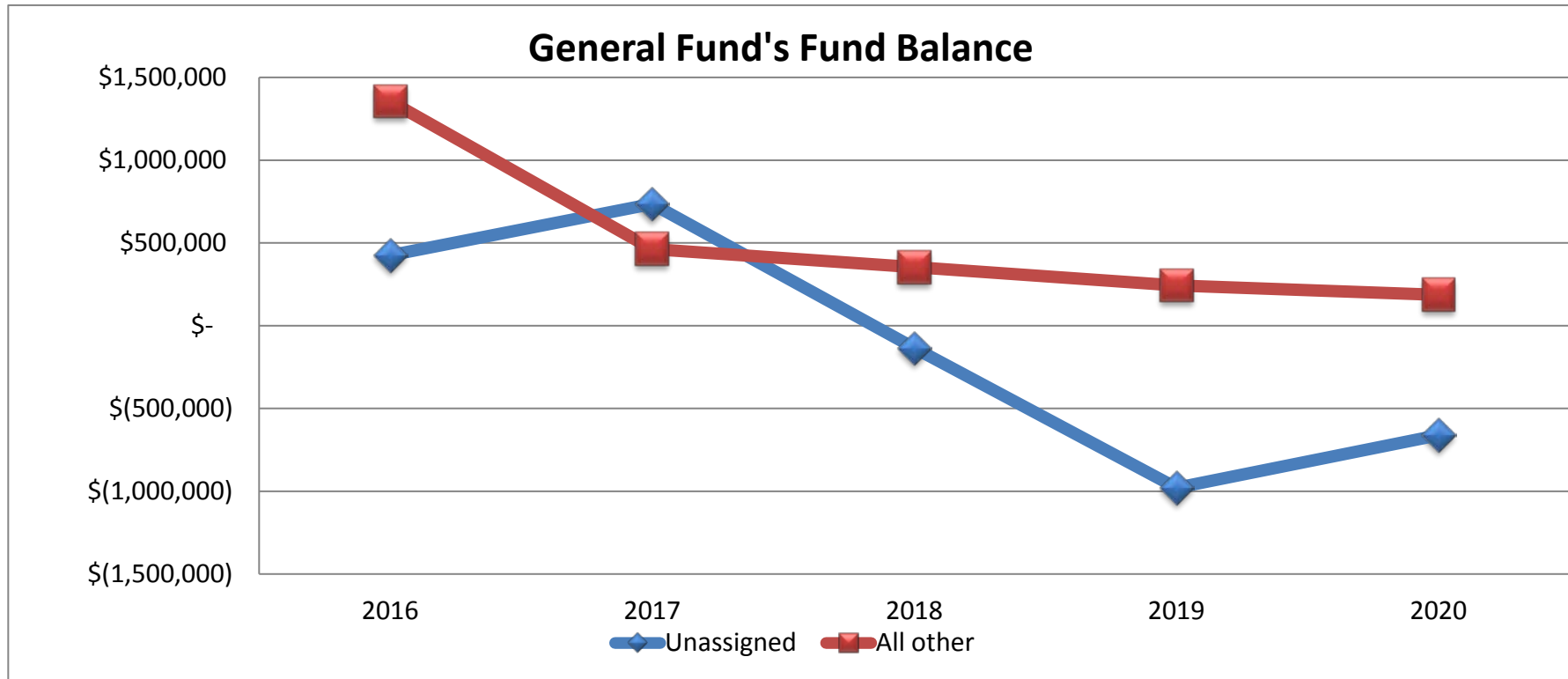
BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
Governmental Fund Balance
Last Five Fiscal Years



	2016	2017	2018	2019	2020
General Fund	\$ 1,781,696	\$ 1,199,383	\$ 217,914	\$ (736,791)	\$ (474,402)
All other funds	525,084	279,277	316,155	241,875	303,822
	<u>\$ 2,306,780</u>	<u>\$ 1,478,660</u>	<u>\$ 534,069</u>	<u>\$ (494,916)</u>	<u>\$ (170,580)</u>

FOR MANAGEMENT PURPOSES ONLY

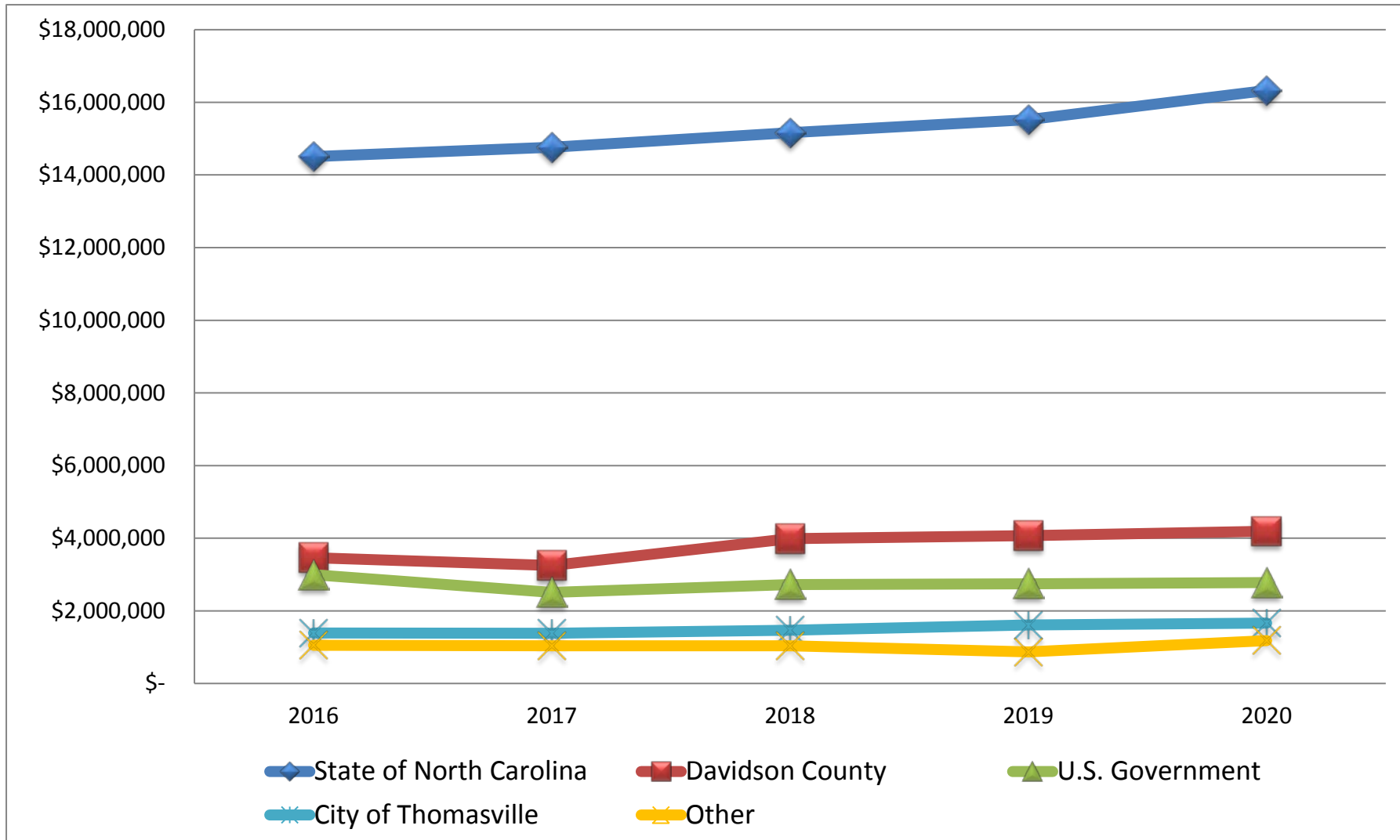
BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
Governmental Fund Balance
Last Five Fiscal Years



	2016	2017	2018	2019	2020
Unassigned	\$ 425,724	\$ 735,659	\$ (135,466)	\$ (979,240)	\$ (660,840)
All other	1,355,972	463,724	353,380	242,449	186,438
	<u>\$ 1,781,696</u>	<u>\$ 1,199,383</u>	<u>\$ 217,914</u>	<u>\$ (736,791)</u>	<u>\$ (474,402)</u>

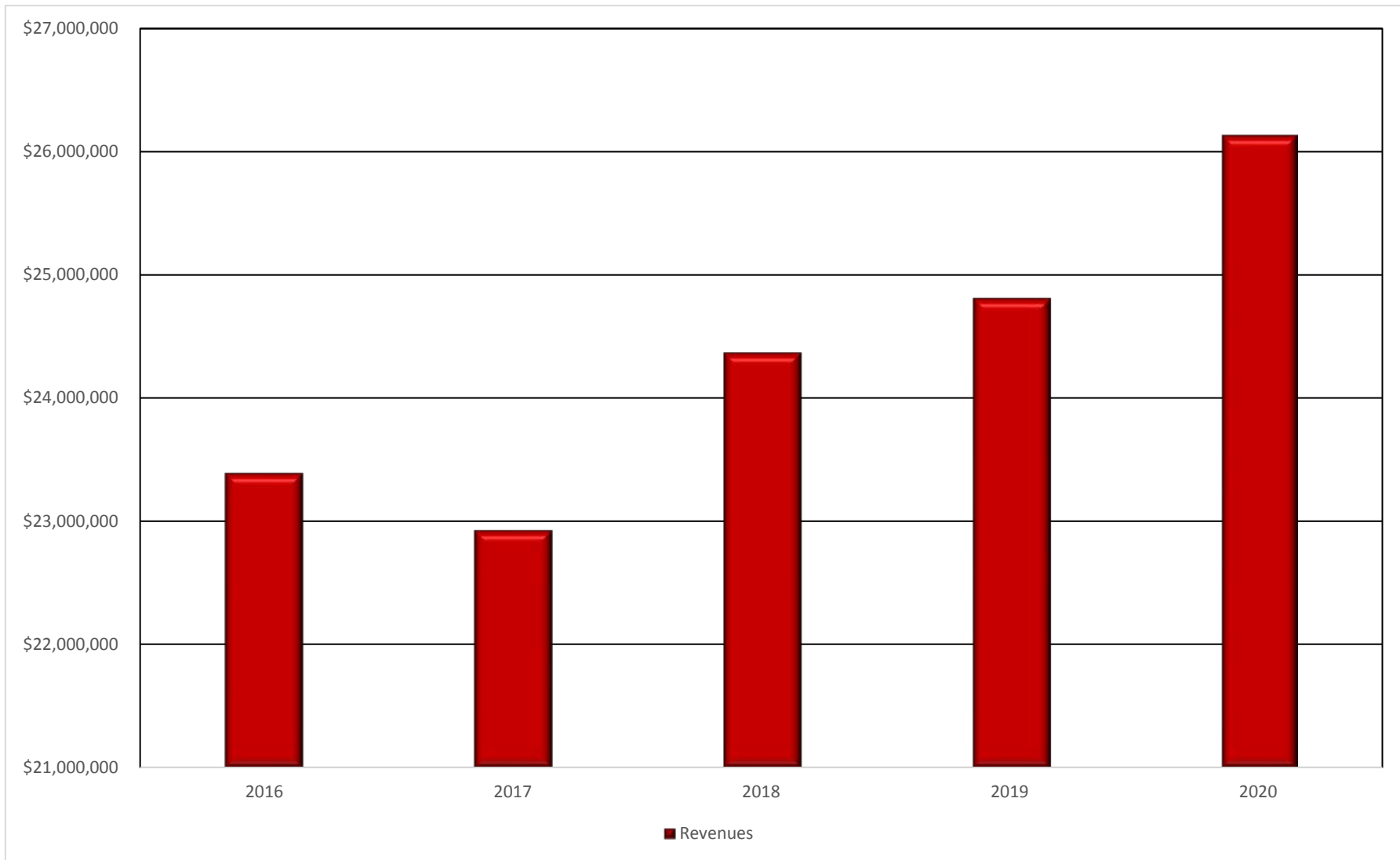
FOR MANAGEMENT PURPOSES ONLY

BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
Governmental Revenues by Source
Last Five Fiscal Years



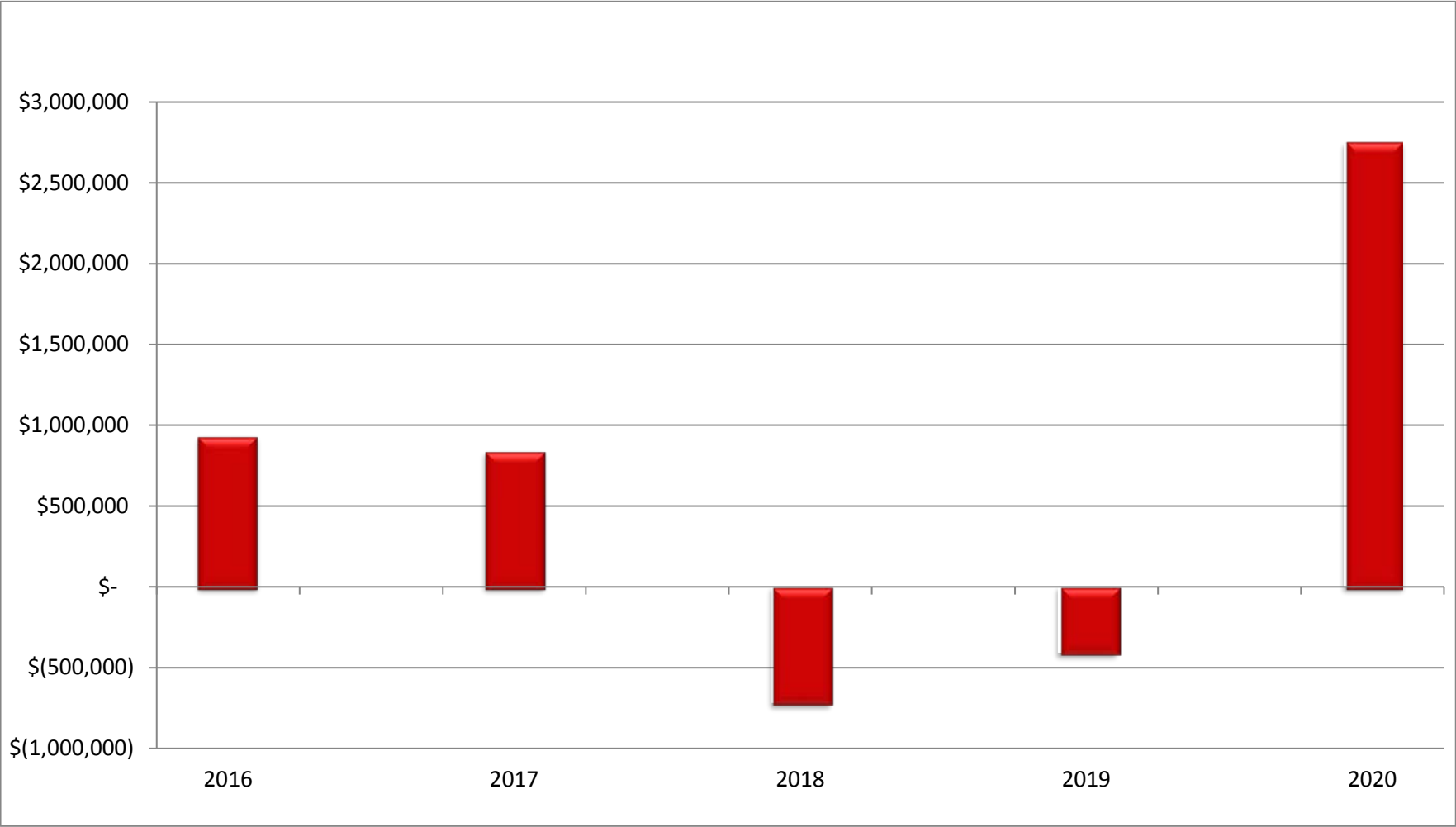
FOR MANAGEMENT PURPOSES ONLY

BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
Total Governmental Revenues
Last Five Fiscal Years



FOR MANAGEMENT PURPOSES ONLY

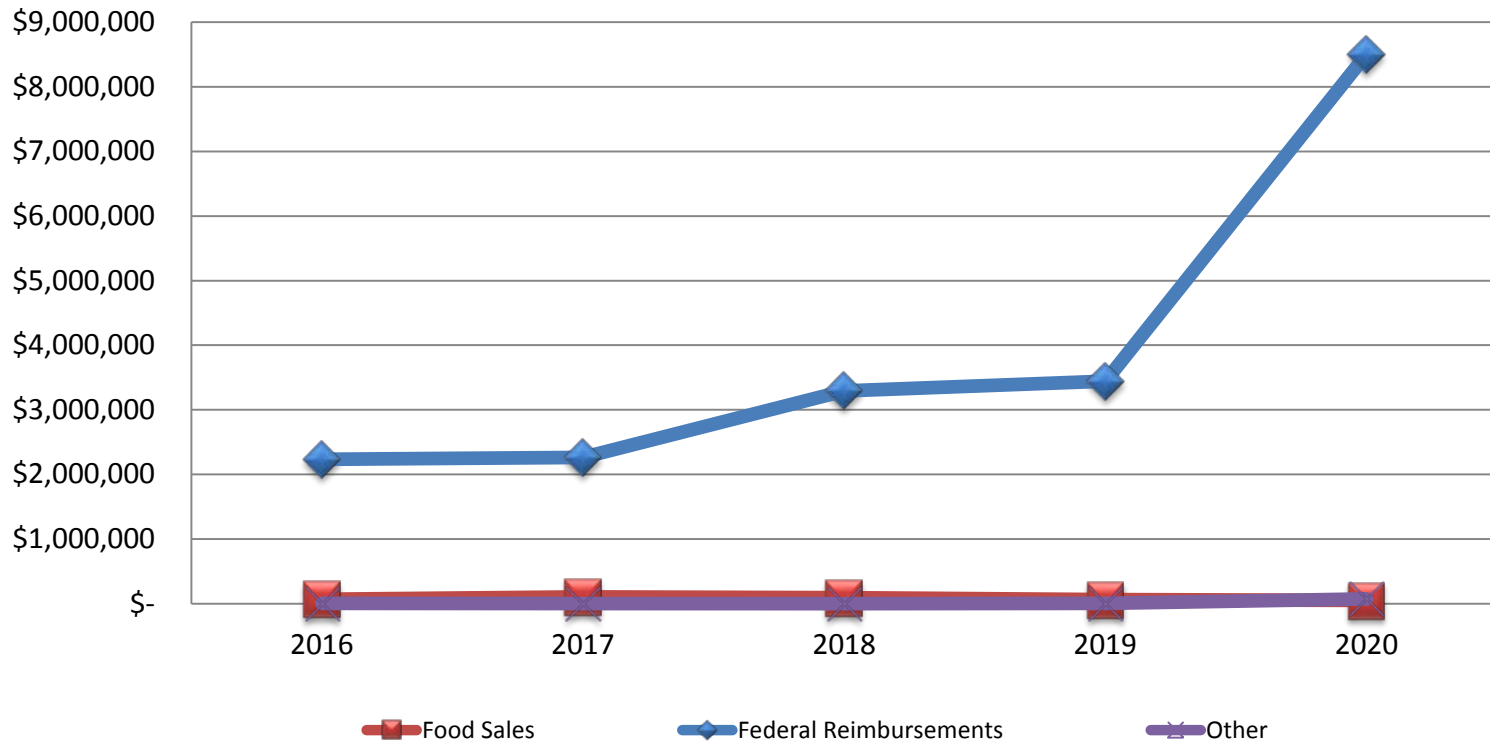
BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
Child Nutrition Net Position
Last Five Fiscal Years



	2016	2017	2018	2019	2020
Net Position	\$ 927,525	\$ 836,084	\$ (719,012)	\$ (407,953)	\$ 2,742,623

FOR MANAGEMENT PURPOSES ONLY

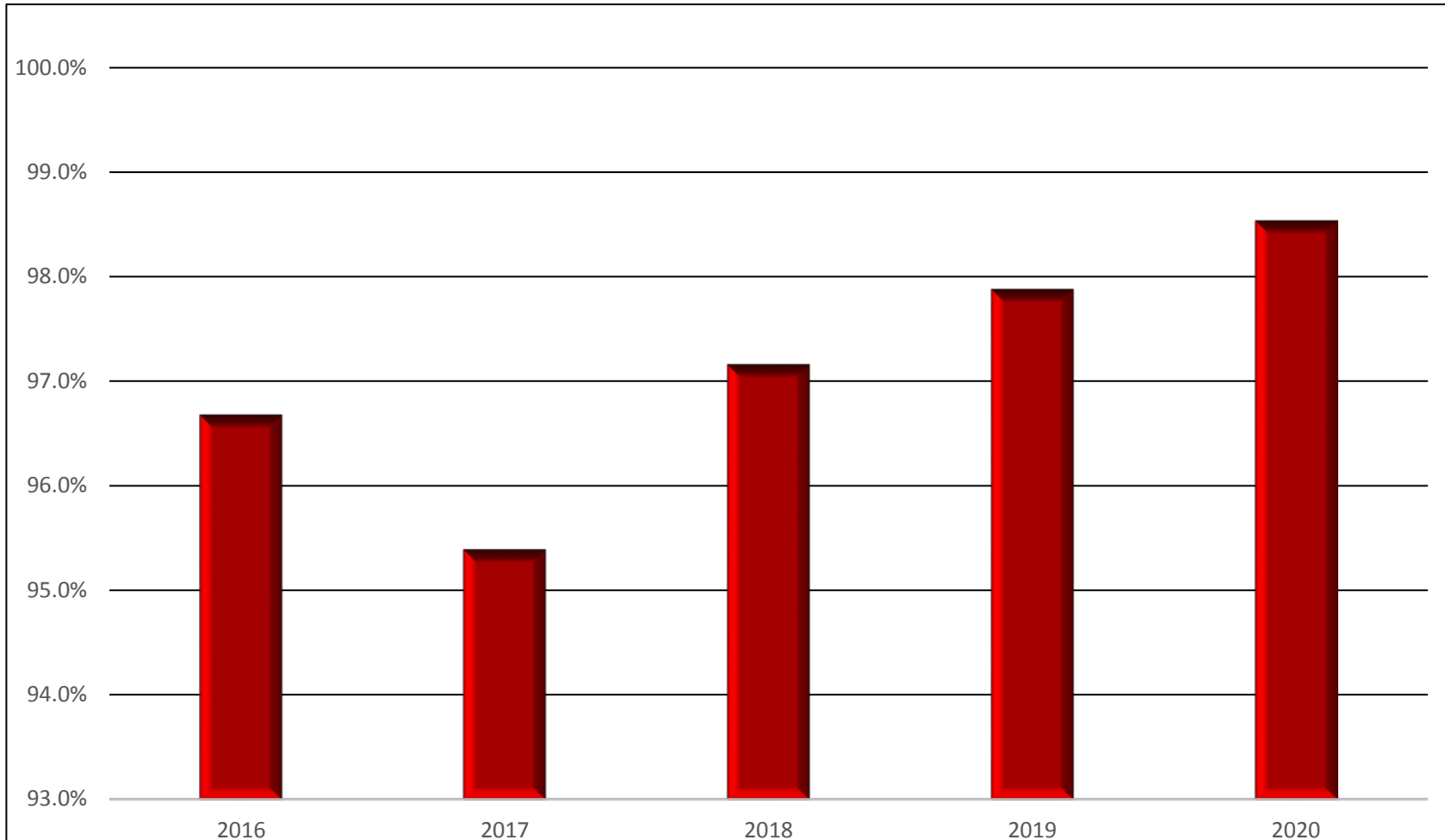
BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
Child Nutrition Fund
Revenues by Source
Last Five Fiscal Years



	2016	2017	2018	2019	2020
Food Sales	\$ 69,213	\$ 106,120	\$ 92,461	\$ 66,716	\$ 51,909
Federal Reimbursements	2,235,112	2,265,693	3,295,493	3,444,348	8,501,197
Other	7,435	3,007	3,691	7,854	74,451
Totals	<u>\$ 2,311,760</u>	<u>\$ 2,374,820</u>	<u>\$ 3,391,645</u>	<u>\$ 3,518,918</u>	<u>\$ 8,627,557</u>

FOR MANAGEMENT PURPOSES ONLY

BOARD OF EDUCATION OF THOMASVILLE CITY SCHOOLS
Child Nutrition Fund
Free & Reduced Lunch Revenue as % of Total Revenue
Last Five Fiscal Years



	2016	2017	2018	2019	2020
Free & Reduced Lunch Sales as % of Total Revenue	96.7%	95.4%	97.2%	97.9%	98.5%

FOR MANAGEMENT PURPOSES ONLY