



Asheboro, North Carolina

Financial Statements

June 30, 2020

Prepared by:

Finance Division
Todd Lowe, Finance Officer

BOARD OF EDUCATION OF RANDOLPH COUNTY
ASHEBORO, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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BOARD OF EDUCATION OF RANDOLPH COUNTY
ASHEBORO, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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ASHEBORO, NORTH CAROLINA

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BOARD OF EDUCATION OF RANDOLPH COUNTY
ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2020

BOARD OF EDUCATION MEMBERS

Gary Cook, Chair

Brian Biggs, Vice Chair

Tracy Boyles

Fred Burgess

Todd Cutler

Sharon Farlow

Matthew Lambeth

SUPERINTENDENT OF SCHOOLS

Dr. Stephen Gainey

FINANCE OFFICER

Todd Lowe

Financial Section



WILLIAM R. HUNEYCUTT

CERTIFIED PUBLIC ACCOUNTANT PLLC

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Albemarle, NC 28001
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Asheboro, NC 27203
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INDEPENDENT AUDITOR'S REPORT

The Board of Education
of Randolph County
Asheboro, North Carolina

Report on the Financial Statements

I have audited the accompanying 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 Randolph County, Asheboro, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education of Randolph County's 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 accounting principles generally accepted in the United States of America; this includes 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Randolph County, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the State Public School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Proportionate Share of Net Pension Liability and the Schedule of Contributions and Schedule of Proportionate Share of Net OPEB Liability and the Schedule of Contributions and Schedule of Proportionate Share of Net OPEB Asset and the Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

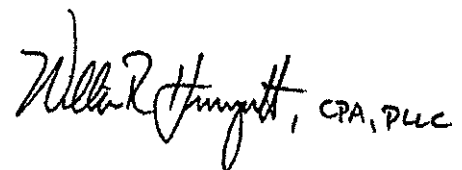
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Board of Education of Randolph County, Asheboro, North Carolina. The combining and individual non-major fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied by me in the audit of the basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, the combining and individual non-major fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 27, 2021, on my consideration of the Board of Education of Randolph County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 of the Board of Education of Randolph County's internal control over financial reporting and compliance.



William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina

January 27, 2021

Management's Discussion and Analysis

This section of Randolph County Board of Education's (the Board) annual financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2020. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Randolph County Board of Education continued to work diligently with the Randolph County Board of Commissioners in an effort to meet the financial needs of the school system.
- Construction of Trinity Middle School began in August 2019, at a cost of \$34 million.
- The Randolph County Board of Commissioners funded an increase of \$1,056,300 in current expense appropriations to support continuation costs and supplement increases for employees.
- The Randolph County Board of Commissioners funded a \$100,000 increase for the Randolph County School System's 9-Year Facility Plan, which now totals \$850,000 annually.
- State Public School Fund revenues totaled \$105,708,010. The \$141,298 increase from prior year was due to increases in employee matching benefits, offset by a decrease in student enrollment.

Overview of the Financial Statements

The audited financial statements of the Randolph County Board of Education consist of four components. They are as follows:

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents combining and budgetary statements for non-major governmental funds and budgetary statements for the enterprise fund*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows of resources, deferred inflows of resources, and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary fund is presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the

government-wide statements, a reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how it has changed. Net position – the difference between the Board's assets and deferred outflows and the total of liabilities and deferred inflows – is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, one should consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

The unit's activities are divided into two categories in the government-wide statements:

- **Governmental activities:** Most of the Board's basic services are included here, such as regular and special education, transportation, and administration. County funding and state and federal aid finance most of these activities.
- **Business-type activities:** The Board charges fees to help it cover the costs of certain services it provides. School food service is included here.

The government-wide statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide detailed information about the Board's funds, focusing on its most significant or "major" funds. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board has established other funds, such as the Federal Grants fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

Randolph County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine

whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation following the governmental funds statements, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, and the Federal Grants Fund.

The governmental fund statements are Exhibits 3, 4, and 5 of this report.

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Randolph County Board of Education has one proprietary fund – an enterprise fund – the School Food Service Fund.

The proprietary fund statements are Exhibits 6, 7, and 8 of this report.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows exceeded assets and deferred outflows of resources by \$112,104,541 as of June 30, 2020. The largest component of net position is net investment in capital assets, of \$147,056,109.

The following is a summary of the Statement of Net Position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 18,337,891	\$ 14,400,724	\$ 4,550,940	\$ 5,138,823	\$ 22,888,831	\$ 19,539,547
Capital assets	148,314,950	140,734,254	244,766	338,058	148,559,716	141,072,312
Total assets	166,652,841	155,134,978	4,795,706	5,476,881	171,448,547	160,611,859
Deferred outflows of resources	40,711,274	43,581,033	1,400,100	1,503,399	42,111,374	45,084,432
Current and other liabilities	232,695,144	221,321,651	8,058,222	7,735,359	240,753,366	229,057,010
Long-term liabilities	6,344,829	7,156,025	-	-	6,344,829	7,156,025
Total liabilities	239,039,973	228,477,676	8,058,222	7,735,359	247,098,195	236,213,035
Deferred inflows of resources	75,864,085	87,684,773	2,702,182	3,091,771	78,566,267	90,776,544
Net investment in capital assets	146,811,343	139,429,190	244,766	338,058	147,056,109	139,767,248
Restricted net position	5,632,618	3,486,999	7,925	5,913	5,640,543	3,492,912
Unrestricted net position	(259,983,904)	(260,362,627)	(4,817,289)	(4,190,821)	(264,801,193)	(264,553,448)
Total net position	\$ (107,539,943)	\$ (117,446,438)	\$ (4,564,598)	\$ (3,846,850)	\$ (112,104,541)	\$ (121,293,288)

Note that net position increased during the year by 8.2%. A large contributing factor to the increase in net position is the increase in net investment in capital assets. Also note that the Board carries capital assets for which Randolph County carries the offsetting debt.

The following table shows the revenues and expenses for the Board for the current fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,173,974	\$ 2,463,819	\$ 1,564,914	\$ 2,146,571	\$ 3,738,888	\$ 4,610,390
Operating grants and contributions	117,429,870	117,774,475	5,551,452	6,219,465	122,981,322	123,993,940
Capital grants and contributions	1,521,243	1,294,486	-	-	1,521,243	1,294,486
General revenues:						
County appropriations:						
Operating	20,081,808	19,025,508	-	-	20,081,808	19,025,508
Capital	14,007,940	3,929,934	-	-	14,007,940	3,929,934
Federal appropriations:						
Operating	262,840	408,898	-	-	262,840	408,898
Supplemental taxes	2,410,888	2,331,908	-	-	2,410,888	2,331,908
Investment earnings	9,895	12,443	37,765	37,707	47,660	50,150
Miscellaneous	2,763,962	3,877,822	-	-	2,763,962	3,877,822
Total revenues	160,662,420	151,119,293	7,154,131	8,403,743	167,816,551	159,523,036
Expenses:						
Governmental activities:						
Instructional services	119,970,033	115,951,074	-	-	119,970,033	115,951,074
System-wide support services	28,684,250	28,772,970	-	-	28,684,250	28,772,970
Ancillary services	166,555	-	-	-	166,555	-
Non-programmed charges	1,667,361	1,542,589	-	-	1,667,361	1,542,589
Interest on long-term debt	-	-	-	-	-	-
Business-type activities:						
Food service	-	-	8,139,605	8,745,245	8,139,605	8,745,245
Total expenses	150,488,199	146,266,633	8,139,605	8,745,245	158,627,804	155,011,878
Transfers in (out)	(267,726)	(255,094)	267,726	255,094	-	-
Increase (decrease) in net position	9,906,495	4,597,566	(717,748)	(86,408)	9,188,747	4,511,158
Net position, beginning	(117,446,438)	(122,044,004)	(3,846,850)	(3,760,442)	(121,293,288)	(125,804,446)
Net position, beginning restated	-	-	-	-	-	-
Net position, ending	\$ (107,539,943)	\$ (117,446,438)	\$ (4,564,598)	\$ (3,846,850)	\$ (112,104,541)	\$ (121,293,288)

Total governmental activities generated revenues of \$160.7 million while expenses in this category totaled \$150.5 million for the year ended June 30, 2020. Comparatively, revenues were \$151.1 million

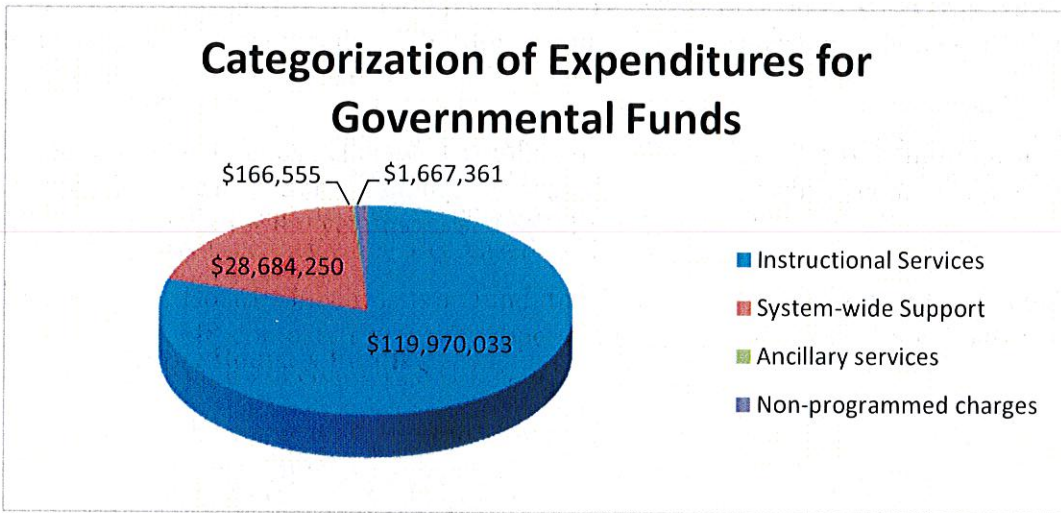
and expenses totaled \$146.3 million for the year ended June 30, 2019. After transfers to the business-type activities, the increase in net position stands at \$9.9 million at June 30, 2020, compared to an increase of \$4.6 million in 2019. Instructional services expenses comprised 80% of total governmental-type expenses, while system-wide support services made up 19% of those expenses for 2020. County funding comprised 21% of total governmental revenue, while State and Federal funding accounted for 73%. Business-type activities generated revenues of \$7.2 million and expenses of \$8.1 million. Net position in the business-type activities decreased \$717,748 after transfers from the governmental activities of \$267,726.

Financial Analysis of the Board’s Funds

Governmental Funds: The focus of Randolph County Board of Education’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board’s financing requirements.

The Board’s governmental funds reported a combined fund balance of \$10.5 million, an increase of \$1,371,506 from last year. State funding increased \$274,255, while county funding increased \$11,134,306. Expenditures for the year increased \$8,317,043.

Proprietary Funds: The Board’s business-type fund, the School Food Service Fund, reflected a decrease in net position of \$717,748 compared to 2019. Operating expenses decreased \$605,640 from the prior year, while operating revenues decreased \$581,657.



General Fund Budgetary Highlights

General Fund expenditures decreased \$1,511,431 compared to prior year. The majority of this decrease was due to the state-wide school campus closures in March 2020, as a result of Covid-19. Revenues decreased \$1,812 from prior year. Revenues exceeded expenditures by \$1,397,461 in the General Fund, and resulted in an increase of \$1,222,438 in the General Fund balance, after transfers to other funds totaling \$215,721.

Capital Assets

Capital assets increased (net of depreciation) approximately \$7.5 million from the previous year. The following is a summary of the capital assets, net of depreciation at year-end. More detailed information can be found in the Notes to Financial Statements.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
	Land	\$ 5,536,989	\$ 5,536,989	\$ -	\$ -	\$ 5,536,989
Construction in progress	12,164,364	1,181,712	-	-	12,164,364	1,181,712
Buildings	123,168,681	127,092,081	-	-	123,168,681	127,092,081
Furniture and equipment	2,254,854	2,249,932	244,766	338,058	2,499,620	2,587,990
Vehicles and motorized equipment	5,286,508	4,410,385	-	-	5,286,508	4,410,385
Library Books	-	-	-	-	-	-
Computer Equipment	(96,446)	263,155	-	-	(96,446)	263,155
Total	\$ 148,314,950	\$ 140,734,254	\$ 244,766	\$ 338,058	\$ 148,559,716	\$ 141,072,312

Debt Outstanding

During the year the Board's outstanding debt increased \$8,355,015, mainly due to the increase in net OPEB liability of \$8,436,897.

Economic Factors

Continued maintenance of facilities, technology upgrades, and retention of employees and services are top priorities for the Board of Education. County funding is a major source of income for the Board; therefore, the county's economic outlook directly affects that of the schools. The following factors have affected the economic outlook of Randolph County:

- As of June 2020, the county's unemployment rate was 7.8%, which was slightly lower than the state average of 7.9%.
- As of June 2020, the county's property tax rate was \$.6327, representing a decrease of \$.0198 from the previous year.
- As of June 2020, the Archdale/Trinity school tax rate was \$.0922, representing a decrease of \$.0032 from the previous year.
- Limited local resources continue to create challenges for the county commissioners with regard to prioritizing and funding projects and services throughout the county.

Impact of Coronavirus on School

During the fiscal year, the state and the nation were affected by the spread of a coronavirus. The Randolph County Board of Education's response included:

- Providing remote learning opportunities to the fullest extent possible for all students.
- Providing meal pick-up for all students.
- Providing personal protective equipment for all staff members.
- Providing thermometers and cleaning supplies for all schools.
- Comprehensive planning for the return of students to school campuses in August 2020.

The spread of the coronavirus resulted in a mandated state-wide school closure on March 14, 2020. Schools remained closed to students for the remainder of the 2019-2020 year, causing financial impacts in several areas. Transportation, utilities, and substitute teacher costs were drastically lower during the 4th quarter, resulting in savings for the General Fund. However, the School Food Service Fund experienced a considerable shortfall due to a decrease in meals served and loss of supplemental sales. Due to employee leave provisions, compensation and benefits continued for most employees, adding to the financial strain on the School Food Service program. The Board of Education utilized federal coronavirus funding to purchase personal protective equipment, cleaning supplies, and other necessary items needed to minimize the coronavirus spread.

Requests for Information

This report is intended to provide a summary of the financial condition of Randolph County Board of Education. Questions or requests for additional information should be addressed to:

Todd Lowe, Finance Officer
Randolph County Board of Education
2222-C South Fayetteville Street
Asheboro, North Carolina 27205

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RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Exhibit 1

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,893,822	\$ 4,165,107	\$ 12,058,929
Due from Other Governments	7,184,201	178,175	7,362,376
Accounts Receivable	174,054	10,289	184,343
Taxes Receivable	38,497	-	38,497
Net OPEB Asset	219,450	7,925	227,375
Inventories	809,205	189,444	998,649
Prepaid Expenses	2,018,662	-	2,018,662
Capital Assets:			
Land, Improvements and Construction in Progress	17,701,353	-	17,701,353
Other Capital Assets, Net of Depreciation	130,613,597	244,766	130,858,363
Total Capital Assets	148,314,950	244,766	148,559,716
Total Assets	166,652,841	4,795,706	171,448,547
Deferred Outflows of Resources	40,711,274	1,400,100	42,111,374
Liabilities:			
Accounts Payable	2,457,197	54,938	2,512,135
Retainage Payable	518,177	-	518,177
Accrued Compensation	3,520,436	-	3,520,436
Accrued Employee Benefits	940,497	-	940,497
Unearned Revenue	-	147,842	147,842
Long-Term Liabilities:			
Net Pension Liability	59,618,690	2,118,604	61,737,294
Net OPEB Liability	160,322,844	5,659,161	165,982,005
Due Within One Year	5,317,303	77,677	5,394,980
Due in More Than One Year	6,344,829	-	6,344,829
Total Liabilities	239,039,973	8,058,222	247,098,195
Deferred Inflows of Resources	75,864,085	2,702,182	78,566,267
Net Position:			
Net Investment in Capital Assets	146,811,343	244,766	147,056,109
Restricted:			
Individual Schools	1,527,138	-	1,527,138
Stabilization by State Statute	2,944,615	-	2,944,615
Trinity/Archdale Tax District	941,415	-	941,415
DIPNC OPEB Plan	219,450	7,925	227,375
Unrestricted	(259,983,904)	(4,817,289)	(264,801,193)
Total Net Position	\$ (107,539,943)	\$ (4,564,598)	\$ (112,104,541)

The Notes to Financial Statements are an integral part of these Statements.

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Exhibit 2

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional Services:							
Regular Instructional	\$ 69,702,040	\$ 153,514	\$ 60,709,831	\$ -	\$ (8,838,695)	\$ -	\$ (8,838,695)
Special Populations	16,955,139	-	16,233,075	-	(722,064)	-	(722,064)
Alternative Programs	9,144,151	-	8,032,747	-	(1,111,404)	-	(1,111,404)
School Leadership	9,513,755	-	8,342,008	-	(1,171,747)	-	(1,171,747)
Co-curricular	4,820,073	2,020,460	2,214,794	55,464	(529,355)	-	(529,355)
School-based Support	9,834,875	-	8,738,432	-	(1,096,443)	-	(1,096,443)
System-wide Support Services:							
Support and Development	515,787	-	263,198	-	(252,589)	-	(252,589)
Special Population Support and Development	1,394,507	-	1,213,326	-	(181,181)	-	(181,181)
Alternative Programs and Services Support and Development	238,655	-	83,736	-	(154,919)	-	(154,919)
Technology Support	804,885	-	115,336	-	(689,549)	-	(689,549)
Operational Support	21,624,907	-	9,811,518	1,465,779	(10,347,610)	-	(10,347,610)
Financial and Human Resource	2,219,783	-	695,131	-	(1,524,652)	-	(1,524,652)
Accountability	203,951	-	26,159	-	(177,792)	-	(177,792)
System-wide Pupil Support	444,306	-	232,678	-	(211,628)	-	(211,628)
Policy, Leadership and Public Relations	1,237,469	-	717,901	-	(519,568)	-	(519,568)
Ancillary Services	166,555	-	-	-	(166,555)	-	(166,555)
Nonprogram Charges	1,667,361	-	-	-	(1,667,361)	-	(1,667,361)
Total Governmental Activities	150,488,199	2,173,974	117,429,870	1,521,243	(29,363,112)	-	(29,363,112)
Business-Type Activities:							
School Food Service	8,139,605	1,564,914	5,551,452	-	-	(1,023,239)	(1,023,239)
Total Business-Type Activities	8,139,605	1,564,914	5,551,452	-	-	(1,023,239)	(1,023,239)
Total	\$ 158,627,804	\$ 3,738,888	\$ 122,981,322	\$ 1,521,243	(29,363,112)	(1,023,239)	(30,386,351)
General Revenues:							
Unrestricted County Appropriations - Operating					20,081,808	-	20,081,808
Unrestricted County Appropriations - Capital					14,007,940	-	14,007,940
Unrestricted Federal Appropriations - Operating					262,840	-	262,840
Supplemental School Taxes					2,410,888	-	2,410,888
Investment Earnings, Unrestricted					9,895	37,765	47,660
Miscellaneous, Unrestricted					2,763,962	-	2,763,962
Transfers					(267,726)	267,726	-
Total General Revenues, Special Items, and Transfers					39,269,607	305,491	39,575,098
Change in Net Position					9,906,495	(717,748)	9,188,747
Net Position Beginning of Year, Previously Reported					(117,446,438)	(3,846,850)	(121,293,288)
Net Position End of Year					\$ (107,539,943)	\$ (4,564,598)	\$ (112,104,541)

The Notes to Financial Statements are an integral part of these Statements.

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Exhibit 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay		
Assets:					
Cash and Cash Equivalents	\$ 5,856,179	\$ -	\$ 510,505	\$ 1,527,138	\$ 7,893,822
Receivables:					
Due from Other Governments	228,750	4,088,213	2,508,668	358,570	7,184,201
Accounts Receivable	174,054	-	-	-	174,054
Taxes Receivable	38,497	-	-	-	38,497
Due From Other Funds	33,143	-	-	-	33,143
Inventories	499,362	309,843	-	-	809,205
Prepaid Insurance	2,018,662	-	-	-	2,018,662
Total Assets	\$ 8,848,647	\$ 4,398,056	\$ 3,019,173	\$ 1,885,708	\$ 18,151,584
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 509,041	\$ -	\$ 1,948,156	\$ -	\$ 2,457,197
Retainage Payable	-	-	518,177	-	518,177
Accrued Compensation	104,288	3,152,594	-	263,554	3,520,436
Accrued Employee Benefits	27,558	842,499	-	70,440	940,497
Due to Other Funds	-	-	33,143	-	33,143
Total Liabilities	640,887	3,995,093	2,499,476	333,994	7,469,450
Deferred Inflows of Resources	38,497	93,120	-	24,576	156,193
Fund Balances:					
Nonspendable:					
Inventories	499,362	309,843	-	-	809,205
Prepaid Assets	2,018,662	-	-	-	2,018,662
Restricted:					
Individual Schools	-	-	-	1,527,138	1,527,138
Stabilization by State Statute	435,947	-	2,508,668	-	2,944,615
Trinity/Archdale Tax District	941,415	-	-	-	941,415
Unassigned:	4,273,877	-	(1,988,971)	-	2,284,906
Total Fund Balances	8,169,263	309,843	519,697	1,527,138	10,525,941
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,848,647	\$ 4,398,056	\$ 3,019,173	\$ 1,885,708	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	148,314,950
Net OPEB asset	219,450
Deferred outflows of resources related to pensions	23,218,930
Deferred outflows of resources related to OPEB	17,492,344
Liabilities for earned but unavailable revenues in fund statements.	156,193
Some liabilities, compensated absences and installment purchase obligations, are not due and payable in the current period and therefore are not reported in the funds.	(11,662,132)
Net pension liability	(59,618,690)
Net OPEB liability	(160,322,844)
Deferred inflows of resources related to OPEB	(73,424,627)
Deferred inflows of resources related to pensions	(2,439,458)
Net position of governmental activities	\$ (107,539,943)

The Notes to Financial Statements are an integral part of these Statements.

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Exhibit 4
(Page 1 of 2)

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay		
Revenues:					
State of North Carolina	\$ 1,401,907	\$ 105,708,010	\$ 1,465,779	\$ -	\$ 108,575,696
Randolph County	20,081,808	-	14,007,940	-	34,089,748
Supplemental School Taxes	2,404,813	-	-	-	2,404,813
United States Government	269,867	-	-	9,237,199	9,507,066
Other	2,318,841	-	121,217	4,235,254	6,675,312
Total Revenues	26,477,236	105,708,010	15,594,936	13,472,453	161,252,635
Expenditures:					
Current:					
Instructional Services:					
Regular Instructional	5,986,457	59,442,922	-	844,009	66,273,388
Special Populations	871,848	13,397,958	-	2,835,117	17,104,923
Alternative Programs	1,530,794	3,723,191	-	4,309,556	9,563,541
School Leadership	1,264,519	8,342,008	-	-	9,606,527
Co-curricular	631,282	-	-	4,195,728	4,827,010
School-based Support	1,362,664	8,491,555	-	246,877	10,101,096
System-wide Support Services:					
Support and Development	256,593	260,525	-	2,673	519,791
Special Population Support and Development	195,644	706,071	-	507,255	1,408,970
Alternative Programs and Services Support and Development	157,258	399	-	83,337	240,994
Technology Support	686,325	115,336	-	-	801,661
Operational Support	7,830,002	9,511,705	-	299,813	17,641,520
Financial and Human Resource Accountability	1,533,083	687,597	-	7,534	2,228,214
System-wide Pupil Support	179,845	26,159	-	-	206,004
Policy, Leadership and Public Relations	232,980	232,678	-	-	465,658
Ancillary Services	524,494	717,901	-	-	1,242,395
Nonprogram Charges	168,626	-	-	-	168,626
	1,667,361	-	-	101,028	1,768,389
Debt Service:					
Principal	-	-	1,465,779	-	1,465,779
Capital Outlay:					
Real Property and Buildings	-	-	11,784,589	-	11,784,589
Furniture and Equipment	-	-	112,267	-	112,267
Buses and Motor Vehicles	-	-	1,864,064	-	1,864,064
Other Costs and Projects	-	-	1,943,331	-	1,943,331
Total Expenditures	25,079,775	105,656,005	17,170,030	13,432,927	161,338,737
Revenues Over (Under) Expenditures	1,397,461	52,005	(1,575,094)	39,526	(86,102)
Other Financing Sources (Uses):					
Installment Purchase Obligations Issued	-	-	1,664,322	-	1,664,322
Insurance Recovery	40,698	-	-	-	40,698
Transfer to Other Funds	(215,721)	(52,005)	-	-	(267,726)
Total Other Financing Sources (Uses)	(175,023)	(52,005)	1,664,322	-	1,437,294
Net Change in Fund Balances	1,222,438	-	89,228	39,526	1,351,192
Fund Balances - Beginning of Year	6,941,829	294,525	430,469	1,487,612	9,154,435
Increase (Decrease) in Reserve for Inventories	4,996	15,318	-	-	20,314
Fund Balances - End of Year	\$ 8,169,263	\$ 309,843	\$ 519,697	\$ 1,527,138	\$ 10,525,941

The Notes to Financial Statements are an integral part of these Statements.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Exhibit 4
 (Page 2 of 2)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	1,351,192
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		7,602,230
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenues		30,255
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		10,739,711
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities		5,440,239
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(198,543)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Pension expense		(20,190,996)
Net OPEB expense		4,633,223
Compensated absences		500,404
Loss on Disposal of Assets		(21,534)
Increase in inventories included in governmental activities		20,314
Total changes in net position of governmental activities	\$	9,906,495

The Notes to Financial Statements are an integral part of these Statements.

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	General Fund				State Public School Fund			
	Original	Final	Actual	Variance With Final Budget - Positive (Negative)	Original	Final	Actual	Variance With Final Budget - Positive (Negative)
Revenues:								
State of North Carolina	\$ 740,000	\$ 1,255,000	\$ 1,401,907	\$ 146,907	\$ 100,846,253	\$ 107,567,046	\$ 105,708,010	\$ (1,859,036)
Randolph County	20,081,808	20,081,808	20,081,808	-	-	-	-	-
Supplemental School Taxes	2,290,000	2,290,000	2,404,813	114,813	-	-	-	-
United States Government	285,000	285,000	269,867	(15,133)	-	-	-	-
Other	2,895,300	2,380,300	2,318,841	(61,459)	-	-	-	-
Total Revenues	26,292,108	26,292,108	26,477,236	185,128	100,846,253	107,567,046	105,708,010	(1,859,036)
Expenditures:								
Current:								
Instructional Services:								
Regular Instructional	8,172,651	6,276,110	5,986,457	289,653	58,805,368	59,902,394	59,442,922	459,472
Special Populations	-	871,848	871,848	-	12,887,686	13,400,387	13,397,958	2,429
Alternative Programs	816,100	1,531,519	1,530,794	725	4,309,815	3,728,324	3,723,191	5,133
School Leadership	781,700	1,308,720	1,264,519	44,201	7,996,827	8,383,730	8,342,008	41,722
Co-curricular	397,099	631,282	631,282	-	-	-	-	-
School-based Support	521,100	1,458,249	1,362,664	95,585	7,274,925	8,991,860	8,491,555	500,305
System-wide Support Services:								
Support and Development	1,573,500	341,965	256,593	85,372	142,000	260,525	260,525	-
Special Population Support and Development	12,400	199,957	195,644	4,313	562,000	706,071	706,071	-
Alternative Programs and Services Support and Development	-	157,258	157,258	-	-	399	399	-
Technology Support	392,000	686,325	686,325	-	108,511	115,336	115,336	-
Operational Support	8,463,558	8,491,303	7,830,002	661,301	7,526,620	9,528,943	9,511,705	17,238
Financial and Human Resource	1,187,100	1,661,076	1,533,083	127,993	561,000	687,597	687,597	-
Accountability	16,000	179,845	179,845	-	-	26,159	26,159	-
System-wide Pupil Support	2,029,600	232,980	232,980	-	25,000	232,678	232,678	-
Policy, Leadership and Public Relations	329,300	556,505	524,494	32,011	646,501	717,901	717,901	-
Ancillary Services	-	180,914	168,626	12,288	-	-	-	-
Nonprogram Charges	1,600,000	1,667,361	1,667,361	-	-	-	-	-
Total Expenditures	26,292,108	26,433,217	25,079,775	1,353,442	100,846,253	106,682,304	105,656,005	1,026,299
Revenues Over (Under) Expenditures	-	(141,109)	1,397,461	1,538,570	-	884,742	52,005	(832,737)
Other Financing Sources (Uses):								
Insurance Recovery	-	-	40,698	40,698	-	-	-	-
Transfer to Other Funds	-	(215,721)	(215,721)	-	-	(884,742)	(52,005)	832,737
Total Other Financing Sources (Uses)	-	(215,721)	(175,023)	40,698	-	(884,742)	(52,005)	832,737
Appropriated Fund Balances:								
Appropriated Fund Balance	-	356,830	-	(356,830)	-	-	-	-
Total Appropriated Fund Balances	-	356,830	-	(356,830)	-	-	-	-
Net Change in Fund Balances	\$ -	\$ -	1,222,438	\$ 1,222,438	\$ -	\$ -	-	\$ -
Fund Balances - Beginning of Year			6,941,829				294,525	
Increase (Decrease) in Reserve for Inventories			4,996				15,318	
Fund Balances - End of Year			\$ 8,169,263				\$ 309,843	

The Notes to Financial Statements are an integral part of these Statements.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Exhibit 6

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2020

	School Food Service
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 4,165,107
Due from Other Governments	178,175
Accounts Receivable	10,289
Net OPEB Asset	7,925
Inventories	189,444
Total Current Assets	4,550,940
Noncurrent Assets:	
Capital Assets:	
Equipment, net	244,766
Total Noncurrent Assets	244,766
Total Assets	\$ 4,795,706
Deferred Outflows of Resources	\$ 1,400,100
Liabilities:	
Current Liabilities:	
Accounts Payable	54,938
Unearned Revenues	147,842
Compensated Absences - Current	77,677
Total Current Liabilities	280,457
Noncurrent Liabilities:	
Net Pension Liability	2,118,604
Net OPEB Liability	5,659,161
Total Noncurrent Liabilities	7,777,765
Total Liabilities	8,058,222
Deferred Inflows of Resources	2,702,182
Net Position:	
Net Investment in Capital Assets	244,766
DIPNC OPEB Plan	7,925
Unrestricted	(4,817,289)
Total Net Position	\$ (4,564,598)

The Notes to Financial Statements are an integral part of these Statements.

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RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Exhibit 7

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND

For the Year Ended June 30, 2020

	Major Fund School Food Service
Operating Revenues:	
Food Sales	\$ 1,564,914
Operating Expenses:	
Food Cost:	
Purchased Food	2,149,250
Donated Commodities	603,198
Salaries and Benefits	4,281,522
Materials and Supplies	296,875
Repairs and Maintenance	40,562
Purchased Services	100,607
Depreciation	104,216
Other	30,986
Indirect Costs	532,389
Total Operating Expenses	8,139,605
Operating Loss	(6,574,691)
Nonoperating Revenues (Expenses):	
Federal Reimbursements	5,058,037
State Reimbursements	38,613
Federal Commodities	454,802
Interest Earned on Investments	37,765
Total Nonoperating Revenues (Expenses)	5,589,217
Loss Before Transfers	(985,474)
Transfers From Other Funds:	
General Fund	215,721
State Public School Fund	52,005
Total Transfers From Other Funds	267,726
Change in Net Position	(717,748)
Total Net Position - Beginning of Year, Previously Reported	(3,846,850)
Total Net Position - End of Year	\$ (4,564,598)

The Notes to Financial Statements are an integral part of these Statements.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Exhibit 8
(Page 1 of 2)

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2020

Cash Flows from Operating Activities:	
Cash Received From Customers	\$ 1,585,514
Cash Paid For Goods and Services	(3,378,403)
Cash Paid to Employees For Services	(4,300,676)
Net Cash (Used) By Operating Activities	(6,093,565)
Cash Flows from Investing Activities:	
Interest Earned on Investments	37,765
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements	5,058,037
State Reimbursements	38,613
Transfers From Other Funds	267,726
Net Cash Flows from Noncapital Financing Activities	5,364,376
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(10,924)
Net Cash Flows (Used) by Capital and Related Financing Activities	(10,924)
Net Increase in Cash and Cash Equivalents	
	(702,348)
Cash and Cash Equivalents at Beginning of Year	
	4,867,455
Cash and Cash Equivalents at End of Year	
	\$ 4,165,107
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities:	
Operating Loss	\$ (6,574,691)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	104,216
Donated Commodities Received	454,802
(Increase) Decrease in Accounts Receivable	(36,943)
(Increase) Decrease in Net OPEB Asset	(2,009)
(Increase) Decrease in Inventory	(75,510)
(Decrease) Increase in Net Pension Liability	1,429
(Decrease) Increase in Net OPEB Liability	266,364
(Increase) Decrease in Deferred Outflows - Pension	309,300
(Increase) Decrease in Deferred Outflows of Resources - OPEB	(206,000)
Increase (Decrease) in Deferred Inflows - Pension	769
Increase (Decrease) in Deferred Inflows - OPEB	(390,359)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(3,828)
Increase (Decrease) in Unearned Revenues	57,543
Increase (Decrease) in Accrued Vacation Pay	1,352
Total Adjustments	481,126
Net Cash (Used) by Operating Activities	\$ (6,093,565)

The Notes to Financial Statements are an integral part of these Statements.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Exhibit 8
(Page 2 of 2)

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2020

Noncash Investing, Capital, and Financing Activities:

The School Food Service Fund received donated commodities with a value of \$454,802 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$603,198 worth of donated commodities during the fiscal year as an operating expense.

The State Public School Fund and the General Fund paid salaries and benefits of \$52,005 and \$215,721, respectively, to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense in Exhibit 7.

The Notes to Financial Statements are an integral part of these Statements.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Randolph County School System conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. **REPORTING ENTITY**

The Randolph County School System (System) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Randolph County, North Carolina. The System is governed by an elected seven-member board. The System receives local, State and federal government funding and must adhere to the legal requirements of each funding source entity. However, the System has discretion regarding the use of appropriations from Randolph County; accordingly, the System is not considered fiscally dependent on Randolph County.

The Randolph County School System provides public education to the children of Randolph County not living within the boundaries of the Asheboro City Local Education Agency. The educational services were provided during the year through eighteen elementary schools, six middle schools, six high schools and one early college high school. Randolph County levies, on behalf of the Randolph County School System, a special property tax levy at the rate of 9.22 cents per \$100 valuation of certain property (Trinity-Archdale District) subject to ad valorem property taxes.

B. **BASIS OF PRESENTATION.**

Government-wide Statements: The statement of net position and the statement of activities present information about the System. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities on revenues and expenses. These statements distinguish between the *governmental* and *business-type* activities of the System. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the System and for each function of the System's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the System's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Proprietary fund operating expenses are those transactions which are directly related to the principal activity of the fund.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **BASIS OF PRESENTATION (Concluded)**

The System reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the System. The General Fund accounts for all financial resources except those required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary fund) and is reported as a capital project fund. It is mandated by State law [G.S. 115C-426]. Capital projects are funded by Randolph County appropriations, restricted sales tax moneys, proceeds of Randolph County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The System reports the following major enterprise fund:

School Food Service Fund. The Child Nutrition Fund is used to account for the food service program within the school system and is reported as an enterprise fund.

C. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.**

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the System gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The System considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the System funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the System's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. BUDGETARY DATA

The System's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the Individual Schools Special Revenue Fund, as required by the North Carolina General Statutes. No annual budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all of the System's annually budgeted funds. The superintendent is authorized by the governing board to transfer appropriations between functions of the same fund up to \$1,000. Such transfers must be reported to the governing board at its next regular meeting. Any revisions that alter the total expenditures of any fund or exceed \$1,000 must be approved by the governing board prior to any expenditures being made. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. Amendments, which alter the county appropriation or transfer monies to or from the Capital Projects Fund also, require the approval of the Randolph County Board of Commissioners. During the year, several amendments to the original budget were necessary, the majority of which was due to the receipt of certain grant revenues from the state of North Carolina. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY

I. **Deposits and Investments**

All deposits of the System are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The System may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina.

Also, the System may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The System also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the System to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining a AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. The North Carolina State Treasurer's Short Term Investment Fund (STIF) is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

Randolph County School System's investments with a maturity of more than one year at acquisition are carried at fair value as determined by quoted market prices. However, the System did not hold any such investments during the year. The System's money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS
AND FUND EQUITY (Continued)**

2. **Cash and Cash Equivalents**

All of the System's cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. **Inventories**

The inventories of the System are valued at cost and the System uses the weighted average method in determining cost. The inventories of the System's General Fund and Special Revenue Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. **Capital Assets**

The System's capital assets are recorded at original cost. Donated assets received prior to July 1, 2015 are listed at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the System to capitalize all capital assets costing more than \$5,000 with an estimated useful life of one or more years. In addition, other items that are purchased and used in large quantities such as student desks and furniture are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Randolph County holds title to certain properties, which are reflected as capital assets in the financial statements of the System. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the System give the schools full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title of the property back to the System once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Equipment in the business-type activities of the System is depreciated on a straight-line basis at the following rate per year:

Furniture and Equipment	8.3%
Computer Equipment	20.0%

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY (Continued)**

4. **Capital Assets (Concluded)**

Capital assets used in the governmental activities of the System are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-50 years
Furniture and Equipment	5-20 years
Computer Equipment	5 years
Vehicles	6 years

5. **Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The System has several items that meet this criterion - pension and OPEB related deferrals and contributions made to the related plans subsequent to the measurement date. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The System has several items that meet this criterion - property taxes receivable, sales tax receivable and pension and OPEB related deferrals.

6. **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

7. **Compensated Absences**

The System follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned leave with such leave being fully vested when earned. The System's liability for accumulated earned vacation and the salary-related payments as of June 30, 2020, is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. The current portion was estimated based on leave used during the current year.

The sick leave policy of the System provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the System has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. **Net Position / Fund Balances**

Net Position.

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS
AND FUND EQUITY (Continued)**

8. **Net Position / Fund Balances (Continued)**

Fund Balance.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end fund balance of ending inventories, which are not spendable resources.

Prepaid Assets - portion of fund balance not available for appropriation because it represents a deferred charge which is not an expendable, available resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

Restricted for School Capital Outlay – portion of fund balance that can only be used for School Capital Outlay [G.S. 159-18 through 22].

Restricted for Individual Schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they were collected.

Restricted for Trinity-Archdale Tax District - portion of fund balance restricted for use in the Trinity-Archdale school district.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Randolph County School System’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires a majority vote by quorum by the governing body in the form of a resolution.

Assigned Fund Balance – the portion of fund balance assigned by majority vote of the governing body that the Randolph County School System intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed fund balance. The governing body approves the appropriation.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS
AND FUND EQUITY (Concluded)**

8. **Net Position / Fund Balances (Concluded)**

Fund Balance (Concluded).

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

9. **Defined Benefit Pension Plan and OPEB Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The System's employer contributions are recognized when due and the System has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position. The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$118,065,884) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 269,719,545
Less Accumulated Depreciation	(121,404,595)
Net Capital Assets	148,314,950
Net OPEB Asset	219,450
Pension related deferred outflows of resources	12,479,219
Contributions made to pension plan in current fiscal year	10,739,711
Deferred outflows of resources related to OPEB	12,052,105
Contributions made to OPEB plan in current fiscal year	5,440,239
Liabilities for revenue unavailable but earned and therefore recorded in the fund statements but not the government-wide statements	156,193
Deferred inflows of resources related to pensions	(2,439,458)
Deferred inflows of resources related to OPEB	(73,424,627)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Net OPEB Liability	(160,322,844)
Net Pension Liability	(59,618,690)
Compensated Absences	(10,158,523)
Installment Financing	(1,503,609)
Total Adjustment	(\$118,065,884)

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

F. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)**

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$8,555,303 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 13,083,045
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(5,480,815)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(1,664,322)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	1,465,779
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	10,739,711
Contributions to the OPEB plans in the current fiscal year are not included in the statement of activities	5,440,239
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(20,190,996)
Net OPEB expense	4,633,223
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	500,404
Loss on disposal of assets	(21,534)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Increase in deferred inflows – taxes receivable at June 30, 2020	6,075
Increase in deferred inflows – sales tax refund receivable at June 30, 2020	24,180
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	20,314
Total Adjustment	\$ 8,555,303

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations.

During the fiscal year ended June 30, 2020, the System reported expenditures within the Capital Outlay Fund that violated General Statute 115C- 441 because they exceeded the amounts appropriated in the budget ordinance by \$2, 284,400. This was due to payables associated with the construction of a new middle school not being recorded at year end. This project is funded from Limited Obligation Bonds issued by Randolph County and reimbursement for the expenditures was received subsequent to year end. Management will monitor the cutoff of payables to ensure recording in the proper period.

III. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

All of the System's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the System's agent in the System's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the System, these deposits are considered to be held by the System's agent in the System's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the System or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the System under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The System has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the System had deposits with banks and savings and loans with a carrying amount of \$12,058,929 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer was \$13,736,840 and \$0, respectively. Of these balances, \$587,164 was covered by federal depository insurance; \$0 was covered by collateral held by authorized escrow agents in the name of the State Treasurer; and \$13,149,676 was covered by collateral held under the Pooling Method.

2. Accounts Receivable

Receivables at the government-wide level at June 30, 2020, were as follows:

	Due From Other Governments	Other
Governmental Activities:		
General Fund	\$ 228,750	\$ 174,054
Other Governmental Activities	6,955,451	-- --
Total	\$ 7,184,201	\$ 174,054
Business-type Activities:		
School Food Service	\$ 178,175	\$ 10,289

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS (Continued)

2. Accounts Receivable (Concluded)

Due from other governments consists of the following:

Governmental Activities:		<u>Description</u>
General Fund	\$ 228,750	Revenue from federal and state sources and sales tax refund from the Department of Revenue
State Public School Fund	4,088,213	Operating funds from DPI and sales tax refund from the Department of Revenue
Capital Outlay Fund	2,508,668	Sales tax refund from the Department of Revenue and construction reimbursements from Randolph County
Federal Grants Fund	358,570	Operating funds from DPI and sales tax refund from the Department of Revenue
	<hr/>	
Total	<u>\$ 7,184,201</u>	
 Business-type Activities:		
School Food Service	<u>\$ 178,175</u>	Revenue from federal sources and sales tax refund from the Department of Revenue

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAIL NOTES ON ALL FUNDS (Continued)**

A. **ASSETS (Concluded)**

3. **Capital Assets**

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,536,989	\$ -	\$ -	\$ 5,536,989
Construction in Progress	1,181,712	10,982,652	-	12,164,364
Total Capital Assets Not Being Depreciated	<u>6,718,701</u>	<u>10,982,652</u>	<u>-</u>	<u>17,701,353</u>
Capital Assets Being Depreciated:				
Buildings	221,363,657	283,148	81,080	221,565,725
Furniture and Equipment	7,314,681	293,684	147,719	7,460,646
Computer Equipment	1,683,749	-	347,485	1,336,264
Vehicles	19,872,075	1,842,162	58,680	21,655,557
Total Capital Assets Being Depreciated	<u>250,234,162</u>	<u>2,418,994</u>	<u>634,964</u>	<u>252,018,192</u>
Less Accumulated Depreciation For:				
Buildings	94,271,576	4,206,548	81,080	98,397,044
Furniture and Equipment	5,064,749	267,228	126,185	5,205,792
Computer Equipment	1,420,594	41,000	28,884	1,432,710
Vehicles	15,461,690	966,039	58,680	16,369,049
Total Accumulated Depreciation	<u>116,218,609</u>	<u>\$ 5,480,815</u>	<u>\$ 294,829</u>	<u>121,404,595</u>
Total Capital Assets Being Depreciated, Net	<u>134,015,553</u>			<u>130,613,597</u>
Governmental Activity Capital Assets, Net	<u>\$ 140,734,254</u>			<u>\$ 148,314,950</u>
Depreciation expense was charged to governmental functions as follows:				
Regular Instructional Services		4,365,907		
Technology Support Services		18,913		
Operational Support Services		1,091,821		
Policy, Leadership & Public Relations Support Services		4,174		
		<u>\$ 5,480,815</u>		
Business-type Activities:				
Equipment	\$ 4,030,580	\$ 10,924	\$ 35,526	\$ 4,005,978
Less Accumulated Depreciation	<u>3,692,522</u>	<u>\$ 104,216</u>	<u>\$ 35,526</u>	<u>3,761,212</u>
Business-type Activities Capital Assets, Net	<u>\$ 338,058</u>			<u>\$ 244,766</u>

Construction Commitments:

The System has entered into contract commitments, as of June 30, 2020, for architectural costs & construction costs associated with the construction of the new Trinity Middle School. At year-end, the System's commitments are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Trinity Middle School	\$ 12,030,279	\$ 24,264,104

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES

1. Pension Plan and Other Post-employment Obligations

a. Teachers' and State Employees' Retirement System.

Plan Description. The Randolph County School System, is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consist of thirteen members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. System employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The System's contractually required contribution rate for the year ended June 30, 2020 is 12.97% of annual covered payroll, actuarially determined as an amount that, when combined with employee

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAIL NOTES ON ALL FUNDS (Continued)**

B. **LIABILITIES (Continued)**

1. **Pension Plan and Other Post-employment Obligations (Continued)**

a. **Teachers' and State Employees' Retirement System (Continued).**

Contributions (Concluded). contributions, is expected to finance the costs of benefits earned by employees during the year. The System's contributions to TSERS for the year ended June 30, 2020 was \$11,093,674.

Refunds of Contributions. System employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2020, the System reported a liability of \$61,737,294 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The System's proportion of the net pension liability was based on a projection of the System's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2019 and June 30, 2018, the System's proportion was .62% and .64%, respectively.

For the year ended June 30, 2020, the System recognized pension expense of \$20,856,456. At June 30, 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,164,254	\$ 124,202
Changes of assumptions	6,578,854	- 0 -
Net difference between projected and actual earnings on pension plan investments	1,183,417	- 0 -
Changes in proportion and differences between System contributions and proportionate share of contributions	- 0 -	2,448,395
System contributions subsequent to the measurement date	11,093,674	- 0 -
Total	<u>\$ 24,020,199</u>	<u>\$ 2,572,597</u>

The \$11,093,674 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAIL NOTES ON ALL FUNDS (Continued)**

B. **LIABILITIES (Continued)**

1. **Pension Plan and Other Post-employment Obligations (Continued)**

a. **Teachers' and State Employees' Retirement System (Continued).**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

Year Ending June 30	
2021	\$ 7,934,789
2022	1,364,518
2023	640,739
2024	413,802
2025	--
Thereafter	--
	\$ 10,353,928

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the forgoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

1. Pension Plan and Other Post-employment Obligations (Continued)

a. Teachers' and State Employees' Retirement System (Continued).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

Actuarial Assumptions (Concluded).

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the System's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
System's proportionate share of net pension liability (asset)	\$117,503,260	\$ 61,737,294	\$ 14,956,771

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

1. Pension Plan and Other Post-employment Obligations (Continued)

a. Teachers' and State Employees' Retirement System (Concluded).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded).

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Post-employment Benefits

Healthcare Benefits

Plan Description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by Chapter 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of thirteen members; eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent, and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan. The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAIL NOTES ON ALL FUNDS (Continued)**

B. **LIABILITIES (Continued)**

1. **Pension Plan and Other Post-employment Obligations (Continued)**

b. **Other Post-employment Benefits (Continued)**

Healthcare Benefits (Continued)

Benefits Provided (Concluded). more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partial contributory basis. For future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21(c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the System contributed 6.47% of covered payroll which amounted to \$5,534,007.

At June 30, 2020, the System reported a liability of \$165,982,005 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The System's proportion of the net OPEB liability was based on a projection of the System's present value of future salary, actuarially determined. At June 30, 2019, the System's proportion was .5530%.

The \$5,534,007 reported as deferred outflows of resources related to OPEB resulting from System contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

1. Pension Plan and Other Post-employment Obligations (Continued)

b. Other Post-employment Benefits (Continued)

Healthcare Benefits (Continued)

Contributions (Concluded).

Year Ending June 30	
2022	\$ 18,452,861
2022	18,452,861
2023	18,436,881
2024	7,866,321
2025	609,613
Thereafter	--
	\$ 63,818,537

Actuarial Assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including 3.50% inflation and productivity factor
Investment rate of return	7.0 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00 - 6.50 percent
Healthcare cost trend rate - prescription drug	5.00 - 9.50 percent
Healthcare cost trend rate - Medicare advantage	5.00 - 6.50 percent
Healthcare cost trend rate - administrative	3.00 percent

Discount Rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.50%. The projection of cash flows used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of the current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

Sensitivity of the System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the System's proportionate share of the net OPEB liability, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
System's proportionate share of net OPEB liability	\$197,245,221	\$165,982,005	\$140,947,249

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

1. Pension Plan and Other Post-employment Obligations (Continued)

b. Other Post-employment Benefits (Continued)

Healthcare Benefits (Concluded)

Sensitivity of the System's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rates. The following presents the System's proportionate share of the net OPEB liability, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease (Medical- 4.0 - 5.5%; Pharmacy- 4.0 - 8.5%; Medicare Advantage-4.0 - 5.5%; Administrative- 2.0%)	Healthcare Trend Rates (Medical- 5.0 - 6.5%; Pharmacy- 5.0 - 7.25%; Medicare Advantage-4.0 - 5.0%; Administrative- 3.0%)	1% Increase (Medical- 6.0 - 7.5%; Pharmacy- 6.0 - 8.25%; Medicare Advantage-5.0 - 6.0%; Administrative- 4.0%)
System's proportionate share of net OPEB liability	\$136,672,647	\$165,982,005	\$204,516,471

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of thirteen members; eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent, and the Director of the Office of State Human Resources who serve as ex-officio members. The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

1. Pension Plan and Other Post-employment Obligations (Continued)

b. Other Post-employment Benefits (Continued)

Disability Benefits (Concluded)

Benefits Provided (Concluded). salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2020, employers make a statutory contribution of .10% of covered payroll which was equal to the actuarially required contribution. System contributions to the plan were \$85,533 for the year ended June 30, 2020. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB.

At June 30, 2020, the System reported an asset of \$227,375 for its proportionate share of the net OPEB asset. The net OPEB asset/liability was measured as of June 30, 2019, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset/liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The System's proportion of the net OPEB asset/liability was based on a projection of the System's present value of future salary, actuarially determined. At June 30, 2019, the System's proportion was .5478%.

The \$85,533 reported as deferred outflows of resources related to OPEB resulting from System contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2021	\$ 95,281
2022	68,519
2023	50,893
2024	32,966
2025	44,383
Thereafter	4,460
	<u>\$ 296,502</u>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

1. Pension Plan and Other Post-employment Obligations (Continued)

b. Other Post-employment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued).

Actuarial Assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including 3.50% inflation and productivity factor
Investment rate of return	3.75 percent, net of OPEB plan investment expense, including inflation

Sensitivity of the System's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate. The following presents the System's proportionate share of the net OPEB asset, as well as what the System's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (2.75%) or 1 percentage point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
System's proportionate share of net OPEB asset	\$ 192,581	\$ 227,375	\$ 261,184

Common Actuarial Assumptions for Both OPEB Plans. The total OPEB asset/liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized. The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation and by adding expected inflations. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

1. Pension Plan and Other Post-employment Obligations (Concluded)

b. Other Post-employment Benefits (Concluded)

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Concluded).

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB Expense	(\$ 5,004,702)	\$ 218,777	(\$ 4,785,925)
OPEB Liability (Asset)	\$165,982,005	(\$ 227,375)	\$165,754,630
Proportionate Share of Net OPEB Liability (Asset)	.52460%	.55269%	

Deferred Outflows of Resources:

Differences Between Expected & Actual Experience	\$ - 0 -	\$ 232,280	\$ 232,280
Changes of Assumptions	\$ 7,977,877	\$ 25,188	\$ 8,003,065
Net Difference Between Projected & Actual Earnings on Plan Investments	\$ 110,531	\$ 43,309	\$ 153,840
Changes in Proportion & Differences Between Contributions & Proportionate Share of Contributions	\$ 4,060,719	\$ 21,730	\$ 4,082,449
System Contributions Subsequent to the Measurement Date	\$ 5,534,007	\$ 85,533	\$ 5,619,540

Deferred Inflows of Resources:

Differences Between Expected & Actual Experience	\$ 8,367,584	\$ - 0 -	\$ 8,367,584
Changes of Assumptions	\$ 49,901,464	\$ 23,328	\$ 49,924,792
Net Difference Between Projected & Actual Earnings on Plan Investments	\$ - 0 -	\$ - 0 -	\$ - 0 -
Changes in Proportion & Differences Between Contributions & Proportionate Share of Contributions	\$ 17,698,616	\$ 2,678	\$ 17,701,294

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. **DETAIL NOTES ON ALL FUNDS (Continued)**

B. **LIABILITIES (Continued)**

2. **Accounts Payable**

Accounts payable as of June 30, 2020 are as follows:

	<u>Vendors</u>	<u>Salaries</u>	<u>Benefits</u>
Governmental Activities:			
General Fund	\$ 509,041	\$ 104,288	\$ 27,558
Other Governmental Activities	1,948,156	3,416,148	912,939
Total	<u>\$ 2,457,197</u>	<u>\$3,520,436</u>	<u>\$ 940,497</u>

3. **Deferred Outflows and Inflows of Resources**

The balance in deferred outflows/inflows of resources at year-end is composed of the following elements:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,396,534	\$ 8,491,786
Changes of assumptions	14,581,919	49,924,792
Net difference between projected and actual earnings on pension plan investments	1,337,257	- 0 -
Changes in proportion and differences between system contributions and proportionate share of contributions	4,082,449	20,149,689
Taxes receivable - Unavailable revenue (General Fund)	- 0 -	38,497
Sales tax receivable - Unavailable revenue (Special Revenue funds)	- 0 -	117,696
System contributions subsequent to the measurement date	16,713,214	- 0 -
Total	<u>\$ 42,111,373</u>	<u>\$ 78,722,460</u>

4. **Risk Management**

The System is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the System maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. The State of North Carolina provides workers' compensation through a self-insured fund for employees to the extent they are paid from State funds.

The System also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the System. Coverage is provided on an "all risk" perils contract. Buildings and

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

4. Risk Management (Concluded)

contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

The System does not carry flood insurance because the area has not been designated an "A" area by the Federal Emergency Management Agency.

The System also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the System are eligible to receive health care benefits up to a \$5 million lifetime limit. The System pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the System's employees who have custody of the System's monies at any given time of the System's funds are performance bonded through a commercial surety bond. The finance officer and deputy finance officer are bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

The System carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

5. Claims and Judgments

At June 30, 2020, the System was a defendant to various lawsuits. In the opinion of the System's management and the System's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the System's financial position.

6. Long-Term Obligations

a. Installment Purchase

The System is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Banc of America Public Capital Corp. at total payments less than the purchase price. In the year ended June 30, 2020, the System entered into direct placement installment purchase contracts to finance the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. All financing contracts require only principal payments of \$84,238, \$21,901, \$145,178, \$21,160, \$131,623, \$43,608, 391,827 and \$24,253, due at the beginning of each contract year.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Concluded)

6. Long-Term Obligations (Concluded)

a. Installment Purchase (Concluded)

The future minimum payments of the installment purchases as of June 30, 2019, are as follows:

Year Ending June 30	Governmental Activities Principal
2021	\$ 888,043
2022	615,565
	\$ 1,503,608

b. Long-Term Obligation Activity

The following is a summary of changes in the System's long-term obligations for the year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities					
Direct Placement:					
Installment Purchase	\$ 1,305,066	\$ 1,664,322	\$ 1,465,780	\$ 1,503,608	\$ 888,043
Net Pension Liability	59,401,493	217,197	- 0 -	59,618,690	- 0 -
Net OPEB Liability	152,152,311	8,170,533	- 0 -	160,322,844	- 0 -
Compensated Absences	10,658,927	3,928,857	4,429,260	10,158,524	4,429,260
Total	\$223,517,797	\$13,980,909	\$ 5,895,040	\$ 231,603,666	\$5,317,303
Business-type Activities					
Net Pension Liability	\$ 2,117,174	\$ 1,430	\$ - 0 -	\$ 2,118,604	\$ - 0 -
Net OPEB Liability	5,392,797	266,364	- 0 -	5,659,161	- 0 -
Compensated Absences	76,325	196,071	194,719	77,677	77,677
	\$ 7,586,296	\$ 463,865	\$ 194,719	\$ 7,855,442	\$ 77,677

Compensated absences are typically liquidated by the general and other governmental funds.

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2020, consists of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs.	\$ 52,005
From the General Fund to the School Food Service Fund for administrative costs.	215,721
	\$ 267,726

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

III. **DETAIL NOTES ON ALL FUNDS (Concluded)**

C. **INTERFUND BALANCES AND ACTIVITY (Concluded).**

2. **Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2020, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Outlay Fund:	
	Amounts remitted to Capital Outlay Fund in error.	\$ 33,143

D. **FUND BALANCE.**

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

<u>Total Fund Balance – General Fund</u>	<u>\$ 8,169,263</u>
Less:	
Prepaid Assets	2,018,662
Inventories	499,362
Stabilization by State Statute	435,947
<u>Appropriated Fund Balance in 2021 budget</u>	<u>- 0 -</u>
Remaining Fund balance	<u>\$ 5,215,292</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	
General Fund	Non-major Funds
\$ - 0 -	\$ - 0 -

IV. **SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

The System has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Fines, Forfeitures and Supplemental School Tax

Due to a State Supreme Court ruling, Randolph County School System may be required to disburse additional funds to various charter schools in its vicinity. These payments represent a portion of the fines and forfeitures and supplemental school tax revenue that the Randolph County School System has received over the past three years. If requested to do so by a charter school with at least one enrolled student from Randolph County, the Randolph County School System must make these payments to the charter schools during the upcoming fiscal year.

V. **JOINTLY GOVERNED ORGANIZATION**

The board of trustees of Randolph County Community College is comprised of thirteen members. The Board of Education of Randolph County appoints two trustees, the Asheboro City Board of Education appoints two trustees, the board of county commissioners appoints four trustees, the governor appoints four trustees, and the president of the student body is an ex officio non-voting member of the board.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Position Liability for Teacher's and State Employees' Retirement System.
- Schedule of Contributions to Teacher's and State Employees' Retirement System.
- Schedule of Proportionate Share of Net OPEB Liability for Retiree Health Benefit Fund
- Schedule of Contributions to Retiree Health Benefit Fund
- Schedule of Proportionate Share of Net OPEB Asset for Disability Income Plan Of North Carolina
- Schedule of Contributions to Disability Income Plan of North Carolina

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
 Teachers' and State Employees' Retirement System
 Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
System's proportion of the net pension liability (asset)	0.62%	0.62%	0.64%	0.64%	0.64%	0.66%	0.66%
System's proportionate share of the net pension liability (asset)	\$ 61,737,294	\$ 61,518,667	\$ 50,433,680	\$ 59,327,190	\$ 23,705,397	\$ 7,720,389	\$ 39,838,027
System's covered payroll	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669	\$ 83,439,964	\$ 85,290,182	\$ 83,593,947	\$ 84,755,940
System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	69.98%	70.72%	58.46%	71.10%	27.79%	9.24%	47.00%
Plan fiduciary net position as a percentage of the total pension liability	92.01%	91.89%	89.51%	87.32%	94.64%	98.24%	90.60%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS
Teachers' and State Employees' Retirement System
Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 11,093,674	\$ 10,842,113	\$ 9,377,548	\$ 8,609,912	\$ 7,634,755	\$ 7,804,051	\$ 7,264,314
Contributions in relation to the contractually required contribution	11,093,674	10,842,113	9,377,548	8,609,912	7,634,755	7,804,051	7,264,314
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered payroll	\$ 85,533,338	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669	\$ 83,439,964	\$ 85,290,182	\$ 83,593,947
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%	9.15%	8.69%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
 Retiree Health Benefit Fund
 Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
System's proportion of the net OPEB liability (asset)	0.5246%	0.5530%	0.5771%	0.5574%
System's proportionate share of the net OPEB liability (asset)	\$ 165,982,005	\$ 157,545,108	\$ 189,232,270	\$ 242,490,987
System's covered payroll	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669	\$ 83,439,964
System's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	188.15%	181.11%	219.34%	290.62%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	3.52%	2.41%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS

Retiree Health Benefit Fund
 Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 5,534,007	\$ 5,531,330	\$ 5,262,910	\$ 5,193,555
Contributions in relation to the contractually required contribution	<u>5,534,007</u>	<u>5,262,910</u>	<u>5,262,910</u>	<u>5,193,555</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 268,420</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered payroll	\$ 85,533,338	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669
Contributions as a percentage of covered payroll	6.47%	5.97%	6.05%	6.02%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE
OF THE NET OPEB ASSET

Disability Income Plan of North Carolina
 Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
System's proportion of the net OPEB asset	0.5269%	0.5478%	0.5634%	0.5574%
System's proportionate share of the net OPEB asset	\$ 227,375	\$ 166,385	\$ 344,368	\$ 358,621
System's covered payroll	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669	\$ 83,439,964
System's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.26%	0.19%	0.40%	0.43%
Plan fiduciary net position as a percentage of the total OPEB asset	116.47%	116.37%	116.23%	116.06%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS
Disability Income Plan of North Carolina
Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 85,533	\$ 123,506	\$ 121,786	\$ 327,833
Contributions in relation to the contractually required contribution	85,533	123,506	121,786	327,833
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered payroll	\$ 85,533,338	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%

Notes to the schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed when it becomes available.

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Individual Statements and Schedules

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

General Fund

The General Fund is the principal operating fund for the Board of Education of Randolph County mandated by State law as the Local Current Expense Fund. It includes transactions for the Trinity-Archdale School District Tax.

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Schedule 1
(page 1 of 3)

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020**

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
State of North Carolina:			
Outreach Program	\$ 515,000	\$ 620,463	\$ 105,463
Other	740,000	781,444	41,444
Total State of North Carolina	<u>1,255,000</u>	<u>1,401,907</u>	<u>146,907</u>
Randolph County:			
Appropriations From General Revenues	20,081,808	20,081,808	-
Trinity-Archdale District Supplemental School Taxes	2,290,000	2,404,813	114,813
United States Government:			
ROTC	285,000	269,867	(15,133)
Other:			
Tuition and Fees	132,000	153,514	21,514
Fines and Forfeitures	1,150,000	856,420	(293,580)
Forestation	-	9,569	9,569
Interest Earned on Investments	2,000	5,862	3,862
Interest Earned on Investments - Trinity-Archdale Community Schools	1,300	3,641	2,341
Miscellaneous Local Operating Revenues	15,000	8,310	(6,690)
Restricted Local Revenues	205,000	347,767	142,767
Indirect Cost Allocated	225,000	262,840	37,840
	650,000	670,918	20,918
	<u>2,380,300</u>	<u>2,318,841</u>	<u>(61,459)</u>
Total Revenues	<u>26,292,108</u>	<u>26,477,236</u>	<u>185,128</u>
Expenditures:			
Instructional Services:			
Regular Instructional:			
Regular School		4,461,542	
Regular School - Trinity-Archdale District Funds		1,524,915	
Total Regular Instructional	<u>6,276,110</u>	<u>5,986,457</u>	<u>289,653</u>
Special Populations:			
Regular School		762,776	
Regular School - Trinity-Archdale District Funds		109,072	
Total Special Populations	<u>871,848</u>	<u>871,848</u>	<u>-</u>
Alternative Programs:			
Regular School		1,335,024	
Regular School - Trinity-Archdale District Funds		195,770	
Total Alternative Programs	<u>1,531,519</u>	<u>1,530,794</u>	<u>725</u>
School Leadership:			
Regular School		975,975	
Regular School - Trinity-Archdale District Funds		288,544	
Total School Leadership	<u>\$ 1,308,720</u>	<u>\$ 1,264,519</u>	<u>\$ 44,201</u>

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Schedule 1
(page 2 of 3)

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020**

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (Concluded):			
Instructional Services (Concluded):			
Co-curricular:			
Regular School	\$	\$ 467,893	\$
Regular School - Trinity-Archdale District Funds		163,389	
Total Co-curricular	631,282	631,282	-
School-based Support:			
Regular School		1,144,654	
Regular School - Trinity-Archdale District Funds		218,010	
Total School-based Support	1,458,249	1,362,664	95,585
Total Instructional Services	12,077,728	11,647,564	430,164
System-wide Support Services:			
Support and Development	341,965	256,593	85,372
Special Population Support and Development	199,957	195,644	4,313
Alternative Programs and Services Support and Development	157,258	157,258	-
Technology Support	686,325	686,325	-
Operational Support:			
Regular School		7,817,408	
Regular School - Trinity-Archdale District Funds		12,594	
Total Operational Support	8,491,303	7,830,002	661,301
Financial and Human Resource	1,661,076	1,533,083	127,993
Accountability	179,845	179,845	-
System-wide Pupil Support	232,980	232,980	-
Policy, Leadership and Public Relations	556,505	524,494	32,011
Total System-wide Support Services	12,507,214	11,596,224	910,990
Ancillary Services:			
Regular School		157,689	
Regular School - Trinity-Archdale District Funds		10,937	
Total Ancillary Services	180,914	168,626	12,288
Nonprogram Charges:			
Payments to Charter Schools	1,667,361	1,667,361	-
Total Expenditures	26,433,217	25,079,775	1,353,442
Revenues Over (Under) Expenditures (Forward)	\$ (141,109)	\$ 1,397,461	\$ 1,538,570

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Schedule 1
(page 3 of 3)

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues Over (Under) Expenditures (Brought Forward)	\$ (141,109)	\$ 1,397,461	\$ 1,538,570
Other Financing Sources (Uses):			
Insurance Recovery	-	40,698	40,698
Transfer to School Food Service Fund	(215,721)	(215,721)	-
Total Other Financing Sources (Uses)	(215,721)	(175,023)	40,698
Appropriated Fund Balance:			
Appropriated Fund Balance	356,830	-	(356,830)
Total Appropriated Fund Balance	356,830	-	(356,830)
Net Change in Fund Balance	\$ -	1,222,438	\$ 1,222,438
Fund Balance:			
Beginning of Year, July 1		6,941,829	
Decrease in Reserve for Inventories		4,996	
End of Year, June 30		\$ 8,169,263	

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Nonmajor Funds

Special Revenue Funds:

Federal Grants Fund – This fund is used to account for various programs and grants, which the federal government provided, to the local administrative unit.

Individual Schools Fund – The Individual Schools Fund is used to account for revenues and expenditures associated with the activities of the individual schools.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Schedule 2

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	Federal Grants Fund	Individual Schools	Total Non-Major Governmental Funds
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 1,527,138	\$ 1,527,138
Due From Other Governments	358,570	-	358,570
Total Assets	\$ 358,570	\$ 1,527,138	\$ 1,885,708
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accrued Compensation	\$ 263,554	\$ -	\$ 263,554
Accrued Employee Benefits	70,440	-	70,440
Due to Other Funds	-	-	-
Total Liabilities	333,994	-	333,994
Deferred Inflows of Resources	24,576	-	24,576
Fund Balances:			
Restricted:			
Individual Schools	-	1,527,138	1,527,138
Total Fund Balances	-	1,527,138	1,527,138
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 358,570	\$ 1,527,138	\$ 1,885,708

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Schedule 3

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>Federal Grants Fund</u>	<u>Individual Schools</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
United States Government	\$ 9,237,199	\$ -	\$ 9,237,199
Other	-	4,235,254	4,235,254
	<hr/>	<hr/>	<hr/>
Total Revenues	9,237,199	4,235,254	13,472,453
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Instructional Programs	8,235,559	4,195,728	12,431,287
Supporting Services	900,612	-	900,612
Nonprogrammed Charges	101,028	-	101,028
	<hr/>	<hr/>	<hr/>
Total Expenditures	9,237,199	4,195,728	13,432,927
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	-	39,526	39,526
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Beginning of Year, July 1	-	1,487,612	1,487,612
	<hr/>	<hr/>	<hr/>
End of Year, June 30	\$ -	\$ 1,527,138	\$ 1,527,138
	<hr/>	<hr/>	<hr/>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Schedule 4

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL GRANTS FUND
For the Year Ended June 30, 2020

	2020		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
United States Government	\$ 14,431,313	\$ 9,237,199	\$ (5,194,114)
Total Revenues	14,431,313	9,237,199	(5,194,114)
Expenditures:			
Current:			
Instructional Services:			
Regular Instructional	1,842,409	844,009	998,400
Special Populations	3,277,581	2,835,117	442,464
Alternative Programs	4,741,936	4,309,556	432,380
School-based Support	499,708	246,877	252,831
System-wide Support Services:			
Support and Development	2,873	2,673	200
Special Population Support and Development	537,255	507,255	30,000
Alternative Programs and Services Support and Development	206,641	83,337	123,304
Operational Support	2,139,285	299,813	1,839,472
Financial and Human Resource	13,000	7,534	5,466
Policy, Leadership and Public Relations	-	-	-
Nonprogram Charges	1,170,625	101,028	1,069,597
Total Expenditures	14,431,313	9,237,199	5,194,114
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ -	

**BOARD OF EDUCATION OF RANDOLPH COUNTY
ASHEBORO, NORTH CAROLINA**

Other Major Fund

Capital Outlay Fund

Capital Outlay Fund – This fund, which is mandated by State law, is used to account for the acquisition, construction, renovation, and replacement of the local administrative unit's fixed assets.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Schedule 5

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
State of North Carolina:			
State Appropriations - Buses	\$ 1,465,779	\$ 1,465,779	\$ -
Randolph County:			
Appropriations From County Issued			
Installment Purchase	8,600,000	10,982,652	2,382,652
Appropriation for Current Capital Outlay	3,025,288	3,025,288	-
Other:			
Interest Earned on Investments	-	392	392
Miscellaneous	103,000	120,825	17,825
	<u>103,000</u>	<u>121,217</u>	<u>18,217</u>
Total Revenues	<u>13,194,067</u>	<u>15,594,936</u>	<u>2,400,869</u>
Expenditures:			
Capital Outlay:			
Real Property and Buildings:			
Trinity Middle School		10,982,652	
Buildings		801,937	
	<u>9,408,000</u>	<u>11,784,589</u>	<u>(2,376,589)</u>
Furniture and Equipment:			
Equipment	112,267	112,267	-
Buses and Motor Vehicles:			
Vehicles	1,904,063	1,864,064	39,999
Other Costs and Projects	1,995,521	1,943,331	52,190
Debt Service:			
Principal	1,465,779	1,465,779	-
Total Expenditures	<u>14,885,630</u>	<u>17,170,030</u>	<u>(2,284,400)</u>
Revenues Over (Under) Expenditures	<u>(1,691,563)</u>	<u>(1,575,094)</u>	<u>116,469</u>
Other Financing Sources:			
Installment Purchase Obligations Issued	1,691,563	1,664,322	(27,241)
Total Other Financing Sources	<u>1,691,563</u>	<u>1,664,322</u>	<u>(27,241)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>89,228</u>	<u>\$ 89,228</u>
Fund Balance:			
Beginning of Year, July 1		430,469	
End of Year, June 30		<u>\$ 519,697</u>	

**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Enterprise Fund

School Food Service Fund – This fund is used to account for the food service program within the school system.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Schedule 6
 (Page 1 of 2)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - (NON-GAAP) - SCHOOL FOOD SERVICE FUND
 For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Operating Revenues:			
Food Sales:			
Paid Student Lunch	\$ 1,200,000	\$ 779,542	\$ (420,458)
Paid Student Breakfast	85,000	61,415	(23,585)
Reduced Student Lunch	70,000	41,718	(28,282)
Supplemental Sales	1,000,000	669,442	(330,558)
Miscellaneous Sales	8,000	12,797	4,797
Total Operating Revenues	2,363,000	1,564,914	(798,086)
Operating Expenditures:			
Business Support Services:			
Food Costs:			
Purchase of Food		2,149,250	
Donated Commodities		603,198	
Salaries and Benefits		4,266,312	
Materials and Supplies		296,875	
Repairs and Maintenance		40,562	
Purchased Services		100,607	
Indirect Costs		532,389	
Other		30,986	
Total Business Support Services	9,990,000	8,020,179	1,969,821
Other Support Services:			
Salaries and Benefits	101,000	34,364	66,636
Capital Outlay	150,000	10,924	139,076
Total Operating Expenditures	10,241,000	8,065,467	2,175,533
Operating Income (Loss) (Forward)	\$ (7,878,000)	\$ (6,500,553)	\$ 1,377,447

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Schedule 6
(Page 2 of 2)

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - (NON-GAAP) - SCHOOL FOOD SERVICE FUND**
For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Operating Income (Loss) (Brought Forward)	\$ (7,878,000)	\$ (6,500,553)	\$ 1,377,447
Nonoperating Revenues:			
Federal Reimbursements	6,000,000	5,058,037	(941,963)
State Reimbursements	52,000	38,613	(13,387)
Federal Commodities	510,000	454,802	(55,198)
Interest Earned on Investments	30,000	37,765	7,765
Total Nonoperating Revenues	6,592,000	5,589,217	(1,002,783)
Revenues Over (Under) Expenditures Before Other Financing Sources	(1,286,000)	(911,336)	374,664
Other Financing Sources:			
Transfers From Other Funds:			
General Fund	-	215,721	215,721
State Public School Fund	-	52,005	52,005
Total Other Financing Sources	-	267,726	267,726
Appropriated Fund Balance	1,286,000	-	(1,286,000)
Revenues and Other Sources Under Expenditures	\$ -	\$ (643,610)	\$ (643,610)
Reconciliation of Modified Accrual to Full Accrual Basis:			
Revenues and Other Sources Under Expenditures		\$ (643,610)	
Reconciling Items:			
Depreciation		(104,216)	
Increase in Net Pension Liability		(1,429)	
Decrease in Deferred Outflows - Pension		(309,300)	
Increase in Deferred Inflows - Pension		(769)	
Increase in OPEB Liability		(266,364)	
Increase in OPEB Asset		2,009	
Increase in Deferred Outflows of Resources - OPEB		206,000	
Decrease in Deferred Inflows of Resources - OPEB		390,359	
Equipment Purchases		10,924	
Increase in Accrued Vacation Pay		(1,352)	
Total Reconciling Items		(74,138)	
Change in Net Position (Full Accrual)		\$ (717,748)	

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**RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA**

Capital Assets Used in the Operation of
Governmental Funds

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RANDOLPH COUNTY SCHOOL SYSTEM
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Schedule 7

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2020

	<u>2020</u>	<u>2019</u>
Governmental Funds Capital Assets:		
Land	\$ 5,536,989	\$ 5,536,989
Buildings	221,565,725	221,363,657
Furniture and Equipment	7,460,646	7,314,681
Computer Equipment	1,336,264	1,683,749
Vehicles	21,655,557	19,872,075
Construction in Progress	<u>12,164,364</u>	<u>1,181,712</u>
 Total Capital Assets	 <u>\$ 269,719,545</u>	 <u>\$ 256,952,863</u>
 Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 41,326,167	\$ 39,579,434
Special Revenue Funds	26,127,169	26,157,815
Capital Projects Fund	200,822,724	189,840,073
Donations	<u>1,443,485</u>	<u>1,375,541</u>
	 <u>\$ 269,719,545</u>	 <u>\$ 256,952,863</u>

RANDOLPH COUNTY SCHOOL SYSTEM
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Schedule 8

SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2020

	Land	Buildings	Furniture and Equipment	Computer Equipment	Vehicles	Construction in Progress	Total
Administration:							
Central Office	\$ 101,622	\$ 12,044	\$ 154,717	\$ 95,805	\$ -	\$ 36,000	\$ 400,188
Maintenance	1,025	1,357,759	318,264	-	-	-	1,677,048
Audio/Visual	-	-	-	546,695	-	-	546,695
Eastern Intervention Center	-	55,884	-	-	-	-	55,884
Providence Grove Intervention Center	-	150,000	-	-	-	-	150,000
Randleman Intervention Center	15,000	60,074	-	-	-	-	75,074
Southwestern Intervention Center	-	-	-	-	-	-	-
Trinity Intervention Center	-	-	-	-	-	-	-
Warehouse	-	862,209	54,301	-	-	-	916,510
	<u>117,647</u>	<u>2,497,970</u>	<u>527,282</u>	<u>642,500</u>	<u>-</u>	<u>36,000</u>	<u>3,821,399</u>
Transportation	<u>-</u>	<u>1,242,131</u>	<u>162,344</u>	<u>-</u>	<u>21,655,557</u>	<u>-</u>	<u>23,060,032</u>
Schools:							
Archdale Elementary	20,114	3,973,682	130,761	19,647	-	-	4,144,204
Archdale-Trinity Middle	64,800	4,119,340	168,413	23,310	-	-	4,375,863
Braxton Craven	247,730	670,439	38,224	13,024	-	-	969,417
Coleridge	4,375	5,810,727	108,821	5,236	-	-	5,929,159
Early College High School	-	-	109,875	7,597	-	-	117,472
Eastern Randolph High	408,777	6,432,209	656,722	73,793	-	-	7,571,501
Farmer	173,757	5,248,546	38,137	7,597	-	-	5,468,037
Franklinville	37,505	1,992,299	48,625	7,597	-	-	2,086,026
Gray's Chapel	40,561	2,138,900	100,659	5,236	-	-	2,285,356
Hopewell Elementary	527,122	8,708,082	299,477	35,464	-	-	9,570,145
John Lawrence	-	4,350,139	65,812	8,580	-	-	4,424,531
Level Cross	180,860	7,437,470	323,297	7,597	-	-	7,949,224
Liberty	4,250	2,419,677	53,334	7,597	-	-	2,484,858
New Market	85,750	4,173,166	124,187	7,597	-	-	4,390,700
Northeast Middle	339,098	10,079,052	211,940	14,483	-	-	10,644,573
Providence Grove High School	913,404	31,529,689	797,438	59,169	-	-	33,299,700
Ramseur	85,121	2,939,306	82,352	7,597	-	-	3,114,376
Randleman Elementary	22,500	3,565,542	177,565	29,069	-	-	3,794,676
Randleman Middle	146,774	7,648,042	256,338	7,597	-	-	8,058,751
Randleman High	193,450	4,470,861	536,793	66,288	-	-	5,267,392
Seagrove	6,580	4,234,332	62,742	14,242	-	-	4,317,896
Southeastern Middle	113,639	5,796,327	48,735	14,483	-	-	5,973,184
Southmont Elementary	200,905	8,051,098	248,400	7,597	-	-	8,508,000
Southwestern High	25,004	6,453,990	377,594	80,505	-	-	6,937,093
Southwestern Middle	76,395	8,420,303	66,215	14,483	-	-	8,577,396
Tabernacle	31,400	6,957,212	166,351	-	-	-	7,154,963
Trindale Elementary	29,082	2,512,162	83,364	-	-	-	2,624,608
Trinity Elementary	7,160	4,513,484	144,745	7,598	-	-	4,672,987
Trinity High	84,607	6,342,937	489,646	-	-	-	6,917,190
Trinity Middle	-	-	-	-	-	12,128,364	12,128,364
Uwharrie Ridge 6 - 12	208,148	10,627,246	96,430	6,885	-	-	10,938,709
Wheatmore High School	1,140,474	36,209,365	658,028	133,896	-	-	38,141,763
	<u>5,419,342</u>	<u>217,825,624</u>	<u>6,771,020</u>	<u>693,764</u>	<u>-</u>	<u>12,128,364</u>	<u>242,838,114</u>
	<u>\$ 5,536,989</u>	<u>\$ 221,565,725</u>	<u>\$ 7,460,646</u>	<u>\$ 1,336,264</u>	<u>\$ 21,655,557</u>	<u>\$ 12,164,364</u>	<u>\$ 269,719,545</u>

RANDOLPH COUNTY SCHOOL SYSTEM
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Schedule 9

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2020

	Governmental Fund			Governmental Fund
	Capital Assets			Capital Assets
	June 30, 2019	Additions	Retirements	June 30, 2020
Administration:				
Central Office	\$ 391,787	\$ -	\$ 27,599	\$ 364,188
Maintenance	1,653,131	56,169	32,252	1,677,048
Audio/Visual	573,785	-	27,090	546,695
Eastern Intervention Center	55,884	-	-	55,884
Providence Grove Intervention Center	150,000	-	-	150,000
Randleman Intervention Center	75,074	-	-	75,074
Southwestern Intervention Center	-	-	-	-
Trinity Intervention Center	-	-	-	-
Warehouse	916,510	-	-	916,510
	<u>3,816,171</u>	<u>56,169</u>	<u>86,941</u>	<u>3,785,399</u>
Transportation	<u>21,276,550</u>	<u>1,842,162</u>	<u>58,680</u>	<u>23,060,032</u>
Schools:				
Archdale Elementary	4,144,204	-	-	4,144,204
Archdale-Trinity Middle	4,375,863	-	-	4,375,863
Braxton Craven	969,417	-	-	969,417
Coleridge	5,929,159	-	-	5,929,159
Early College High School	117,472	-	-	117,472
Eastern Randolph High	7,520,543	50,958	-	7,571,501
Farmer	5,471,719	-	3,682	5,468,037
Franklinville	2,086,026	-	-	2,086,026
Gray's Chapel	2,292,954	-	7,598	2,285,356
Hopewell Elementary	9,566,559	15,545	11,959	9,570,145
John Lawrence	4,433,071	-	8,540	4,424,531
Level Cross	7,985,309	-	36,085	7,949,224
Liberty	2,479,516	5,342	-	2,484,858
New Market	4,347,311	52,393	9,004	4,390,700
Northeast Middle	10,540,229	104,344	-	10,644,573
Providence Grove High School	33,545,866	-	246,166	33,299,700
Ramseur	3,124,849	-	10,473	3,114,376
Randleman Elementary	3,794,676	-	-	3,794,676
Randleman Middle	8,058,751	-	-	8,058,751
Randleman High	5,229,101	38,291	-	5,267,392
Seagrove	4,330,062	-	12,166	4,317,896
Southeastern Middle	5,965,888	7,296	-	5,973,184
Southmont Elementary	8,508,000	-	-	8,508,000
Southwestern High	6,896,256	40,837	-	6,937,093
Southwestern Middle	8,577,396	-	-	8,577,396
Tabernacle	7,162,748	-	7,785	7,154,963
Trindale Elementary	2,624,978	6,461	6,831	2,624,608
Trinity Elementary	4,701,050	-	28,063	4,672,987
Trinity High	6,838,305	78,885	-	6,917,190
Trinity Middle	-	-	-	-
Uwharrie Ridge 6 - 12	10,928,969	9,740	-	10,938,709
Wheatmore High School	38,132,183	9,580	-	38,141,763
	<u>230,678,430</u>	<u>419,672</u>	<u>388,352</u>	<u>230,709,750</u>
Construction in Progress	<u>1,181,712</u>	<u>10,982,652</u>	<u>-</u>	<u>12,164,364</u>
Total Governmental Fund Capital Assets	<u>\$ 256,952,863</u>	<u>\$ 13,300,655</u>	<u>\$ 533,973</u>	<u>\$ 269,719,545</u>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

REPORT ON FEDERAL AND STATE
FINANCIAL ASSISTANCE PROGRAMS

Year Ended June 30, 2020

WILLIAM R.
H**HUNEYCUTT**

CERTIFIED PUBLIC ACCOUNTANT, PLLC

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**Report on Compliance and Other Matters and on Internal Control Over
Financial Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

INDEPENDENT AUDITOR'S REPORT

Board of Education of Randolph County
Asheboro, North Carolina

I have audited, 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, the accompanying 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 Randolph County, North Carolina, as of and for the year ended June 30, 2020 [not presented here], and the related notes to the financial statements, which collectively comprise the Board of Education of Randolph County's basic financial statements, and have issued my report thereon dated January 27, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of Randolph County's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-1.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Board of Education of Randolph County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of Randolph County's internal control. Accordingly, I do not express an opinion on the effectiveness of the Board of Education of Randolph County'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency or 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.

**Report on Compliance and Other Matters and on Internal Control Over
Financial Reporting Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*
(Concluded)**

Internal Control Over Financial Reporting (Concluded)

My consideration of the 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 significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-1 that I consider to be a significant deficiency.

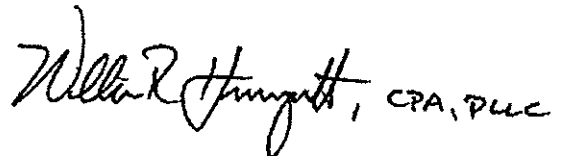
Board of Education of Randolph County's Response to Finding

The Board of Education of Randolph County's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Board of Education of Randolph County'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 Board of Education of Randolph County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 27, 2021



William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina



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

INDEPENDENT AUDITOR'S REPORT

Board of Education of Randolph County
Asheboro, North Carolina

Report on Compliance for Each Major Federal Program

I have audited the Board of Education of Randolph County, North Carolina, 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 its major federal programs for the year ended June 30, 2020. The Board of Education of Randolph County'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

The Board of Education of Randolph County's 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

My responsibility is to express an opinion on compliance for each of the Board of Education of Randolph County's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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, Uniform Guidance, and the State Single Audit Implementation Act require that I 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 Board of Education of Randolph County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on the Board of Education of Randolph County's compliance with those requirements.

Opinions on Each Major Federal Program

In my opinion, the Board of Education of Randolph County 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, 2020.

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance in Accordance
With OMB Uniform Guidance; and the State Single Audit Implementation Act
(Continued)

Report on Internal Control Over Compliance

The management of the Board of Education of Randolph County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Board of Education of Randolph County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board of Education of Randolph County'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.

My consideration of the 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as described above. However, material weaknesses may exist that have not been identified.

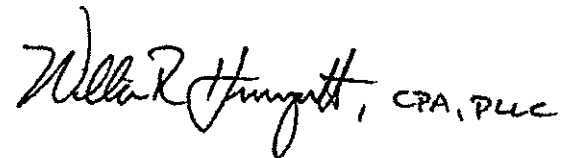
The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the result of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

I 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 Randolph County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Board of Education of Randolph County's basic financial statements. I issued my report thereon dated January 27, 2021, which contained an unmodified opinion on those statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of Randolph County'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

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance in Accordance
With OMB Uniform Guidance; and the State Single Audit Implementation Act
(Concluded)

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 my opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina

January 27, 2021



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

INDEPENDENT AUDITOR'S REPORT

Board of Education of Randolph County
Asheboro, North Carolina

Report on Compliance for Each Major State Program

I have audited the Board of Education of Randolph County, North Carolina, 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 its major state programs for the year ended June 30, 2020. The Board of Education of Randolph County'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

The Board of Education of Randolph County's management is responsible for compliance with State statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Board of Education of Randolph County's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 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 I 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 Board of Education of Randolph County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state program. However, my audit does not provide a legal determination on the Board of Education of Randolph County's compliance with those requirements.

Opinions on Each Major State Program

In my opinion, the Board of Education of Randolph County 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, 2020.

**Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance in Accordance
With Uniform Guidance; and the State Single Audit Implementation Act
(Continued)**

Report on Internal Control Over Compliance

The management of the Board of Education of Randolph County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Board of Education of Randolph County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board of Education of Randolph County'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 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.

My consideration of the 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as described above. 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 my testing of internal control over compliance and the result of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

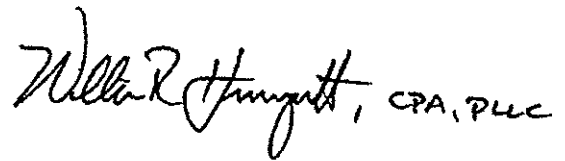
Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance and the State Single Audit Implementation Act

I 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 Randolph County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Board of Education of Randolph County's basic financial statements. I issued my report thereon dated January 27, 2021, which contained an unmodified opinion on those statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of Randolph County'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

Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance in Accordance
With Uniform Guidance; and the State Single Audit Implementation Act
(Concluded)

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 basic 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 my opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

January 27, 2021



William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified	_____	yes	<u> X </u>	no
Significant deficiency(s) identified that are not considered to be material weaknesses	<u> X </u>	yes	_____	none reported

Noncompliance material to financial statements noted	_____	yes	<u> X </u>	no
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified	_____	yes	<u> X </u>	no
Significant deficiency(s) identified that are not considered to be material weaknesses	_____	yes	<u> X </u>	none reported

Noncompliance material to federal awards	_____	yes	<u> X </u>	no
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Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	<u> X </u>	no
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Identification of major federal programs:

<u>CFDA#</u>	<u>Names of Federal Program or Cluster</u>
10.555, 10.559, 10.553, 10.582	Child Nutrition Cluster
84.048	Career and Technical Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
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Auditee qualified as low-risk auditee?	<u> X </u>	yes	_____	no
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BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2020

Section I. Summary of Auditor's Results (Concluded)

State Awards

Internal control over major state programs:

Material weakness(es) identified	_____	yes	_____ X _____	no
Significant deficiency(s) identified that are not considered to be material weaknesses	_____	yes	_____ X _____	none reported
Noncompliance material to state awards	_____	yes	_____ X _____	no
Type of auditor's report issued on compliance for major state programs: Unmodified				
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	_____	yes	_____ X _____	no

Identification of major state programs:

Program Name

State Public School Fund
State COVID-19 Supplemental Funds

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2020

Section II. Findings Related to the Audit
of the Basic Financial Statements

Significant Deficiency:

Finding 2020-1: Expenditures Exceeding Appropriations

Criteria: Pursuant to the General Statute 115C- 441(a); “no obligation may be incurred by a local school administrative unit unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.”

Condition: Payables associated with the construction of a new middle school were not recorded in the Capital Outlay Fund.

Effect: This caused expenditures in the Capital Outlay Fund to exceed budgeted amounts by \$2,284,400.

Cause: Error in recording payables at year end.

Recommendation: Management should place a greater focus on monitoring the cutoff of payables at year end.

Management Response: The Randolph County Schools agrees with this finding.

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2020

Section III. Findings and Questioned Costs
Related to the Audit of Federal Awards

None Reported.

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)

For the Year Ended June 30, 2020

Section IV. Findings and Questioned Costs Related
to the Audit of State Awards

None Reported.



Finance and Budget Division
Todd Lowe, Finance Officer

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BOARD OF EDUCATION OF RANDOLPH COUNTY

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2020

Finding: 2020-1

Contact Person: Todd Lowe, Finance Officer

Corrective Action: A greater focus will be made to monitor the cutoff of payables at year end.

Proposed Completion Date: 6/30/2021.

BOARD OF EDUCATION OF RANDOLPH COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2020

2019-01:

Status: Corrected.

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Concluded)

For the Year Ended June 30, 2020

<u>Grantor Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-through Grantor's Number</u>	<u>Total Expenditures</u>
Federal Grants (Concluded):			
Other Federal Assistance:			
U.S. Department of Defense:			
Direct Program:			
ROTC	12.000	PRC 301	\$ 269,867
Total Federal Assistance			<u>15,188,781</u>
State Grants:			
Cash Assistance:			
N.C. Department of Public Instruction:			
State COVID-19 Supplemental Funds		PRC 154	633,699
State Public School Fund			99,153,792
Driver Training - SPSF		PRC 012	288,666
School Technology Fund - SPSF		PRC 015	228,889
Career and Technical Education:			
State Months of Employment		PRC 013	5,127,010
Program Support Funds		PRC 014	275,954
Kindergarten Breakfast Program			<u>18,134</u>
Total N.C. Department of Public Instruction			<u>105,726,144</u>
N.C. Department of Health and Human Services:			
Passed through the Randolph County			
Partnership for Children:			
NC Pre-Kindergarten Program			<u>781,444</u>
Total N.C. Department of Health and Human Services			<u>781,444</u>
Noncash Assistance:			
N.C. Department of Public Instruction:			
Bus Appropriations		PRC 120	<u>1,445,778</u>
Total State Assistance			<u>107,953,366</u>
Total Federal and State Assistance			<u>\$ 123,142,147</u>

BOARD OF EDUCATION OF RANDOLPH COUNTY

**NOTE TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS**

For the Year Ended June 30, 2020

Note to the Schedule of Expenditures of Federal and State Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Board of Education of Randolph County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. 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 Board of Education of Randolph County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board of Education of Randolph County.

Note 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 allowed or are limited as to reimbursement.

Board of Education of Randolph County has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the N.C. Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition program