



Asheboro, North Carolina

Financial Statements

June 30, 2021

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, 2021

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BOARD OF EDUCATION OF RANDOLPH COUNTY
ASHEBORO, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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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, 2021

BOARD OF EDUCATION MEMBERS

Gary Cook, Chair

Brian Biggs, Vice Chair

Tracy Boyles

Fred Burgess

Todd Cutler

Sharon Farlow

Mike Sink

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, 2021, 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, 2021, 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

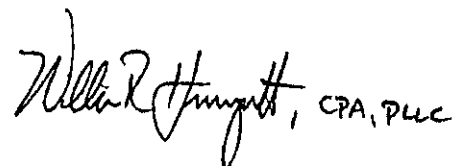
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Board of Education of Randolph County, Asheboro, North Carolina. The combining and individual fund financial statements, budgetary schedules, and other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

The combining and individual 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 basic 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 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 31, 2022, 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.



January 31, 2022

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

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, 2021. 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.
- Trinity Middle School construction entered final phases as the August 2021 opening date approached.
- The Randolph County Board of Commissioners funded an increase of \$432,265 in current expense appropriations to support continuation costs.
- The Randolph County Board of Commissioners appropriated \$25.3 million in capital outlay funding, of which 88% was for the construction of Trinity Middle School.
- State Public School Fund revenues totaled \$108,765,705. The \$3,057,695 increase from prior year was due to increases in employee matching benefits and additional Covid relief funding.

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 schedules for Teacher's and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina and combining and budgetary statements for non-major governmental funds and budgetary statements for enterprise funds*

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 \$80,954,233 as of June 30, 2021. The largest component of net position is net investment in capital assets, of \$165,329,738.

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

Table 1						
Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 21,642,045	\$ 18,337,891	\$ 4,431,905	\$ 4,550,940	\$ 26,073,950	\$ 22,888,831
Capital assets	166,462,279	148,314,950	188,529	244,766	166,650,808	148,559,716
Total assets	188,104,324	166,652,841	4,620,434	4,795,706	192,724,758	171,448,547
Deferred outflows of resources	40,604,391	40,711,274	1,305,885	1,400,100	41,910,276	42,111,374
Current and other liabilities	216,122,053	232,695,144	7,483,085	8,058,222	223,605,138	240,753,366
Long-term liabilities	6,050,334	6,344,829	-	-	6,050,334	6,344,829
Total liabilities	222,172,387	239,039,973	7,483,085	8,058,222	229,655,472	247,098,195
Deferred inflows of resources	83,035,714	75,864,085	2,898,081	2,702,182	85,933,795	78,566,267
Net investment in capital assets	165,141,209	146,811,343	188,529	244,766	165,329,738	147,056,109
Restricted net position	5,860,922	5,632,618	8,992	7,925	5,869,914	5,640,543
Unrestricted net position	(247,501,517)	(259,983,904)	(4,652,368)	(4,817,289)	(252,153,885)	(264,801,193)
Total net position	\$ (76,499,386)	\$ (107,539,943)	\$ (4,454,847)	\$ (4,564,598)	\$ (80,954,233)	\$ (112,104,541)

Note that net position increased during the year by 38.47%. 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.

Table 2						
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
	Governmental Activities	Governmental Activities	Business- type Activities	Business- type Activities	Total Primary Government	Total Primary Government
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,551,421	\$ 2,173,974	\$ 276,724	\$ 1,564,914	\$ 1,828,145	\$ 3,738,888
Operating grants and contributions	120,634,223	117,429,870	6,128,781	5,551,452	126,763,004	122,981,322
Capital grants and contributions	1,328,757	1,521,243	-	-	1,328,757	1,521,243
General revenues:						
County appropriations:						
Operating	20,514,073	20,081,808	-	-	20,514,073	20,081,808
Capital	25,287,741	14,007,940	-	-	25,287,741	14,007,940
Federal appropriations:						
Operating	287,374	262,840	-	-	287,374	262,840
Supplemental taxes	2,480,909	2,410,888	-	-	2,480,909	2,410,888
Investment earnings	3,574	9,895	9,030	37,765	12,604	47,660
Miscellaneous	3,004,857	2,763,962	-	-	3,004,857	2,763,962
Total revenues	175,092,929	160,662,420	6,414,535	7,154,131	181,507,464	167,816,551
Expenses:						
Governmental activities:						
Instructional services	113,460,634	119,970,033	-	-	113,460,634	119,970,033
System-wide support services	27,928,335	28,684,250	-	-	27,928,335	28,684,250
Ancillary services	697,924	166,555	-	-	697,924	166,555
Non-programmed charges	1,750,100	1,667,361	-	-	1,750,100	1,667,361
Interest on long-term debt	-	-	-	-	-	-
Business-type activities:						
Food service	-	-	6,520,163	8,139,605	6,520,163	8,139,605
Total expenses	143,836,993	150,488,199	6,520,163	8,139,605	150,357,156	158,627,804
Transfers in (out)	(215,379)	(267,726)	215,379	267,726	-	-
Increase (decrease) in net position	31,040,557	9,906,495	109,751	(717,748)	31,150,308	9,188,747
Net position, beginning	(107,539,943)	(117,446,438)	(4,564,598)	(3,846,850)	(112,104,541)	(121,293,288)
Net position, beginning restated	-	-	-	-	-	-
Net position, ending	\$ (76,499,386)	\$ (107,539,943)	\$ (4,454,847)	\$ (4,564,598)	\$ (80,954,233)	\$ (112,104,541)

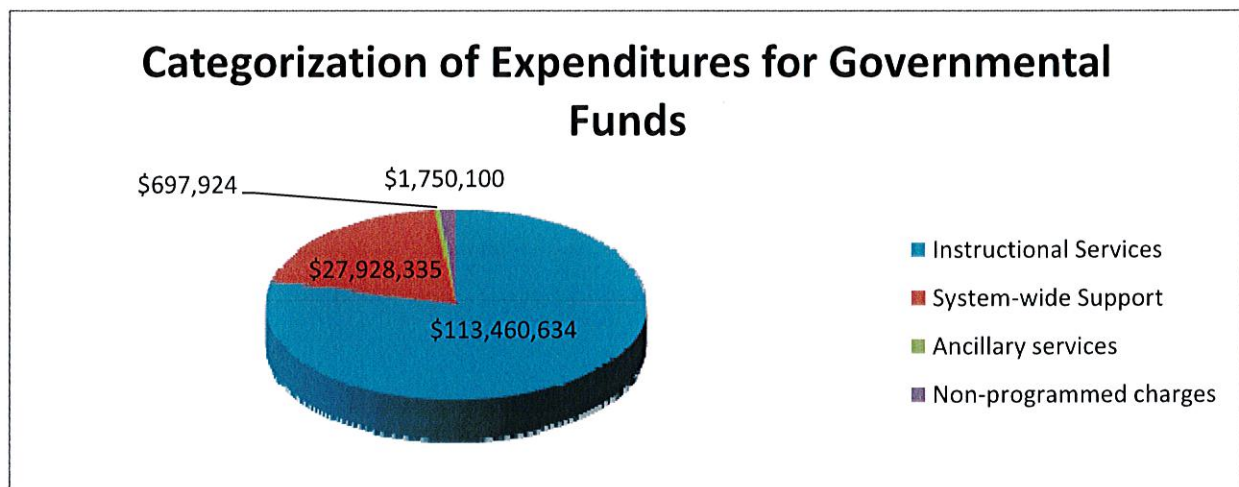
Total governmental activities generated revenues of \$175.1 million while expenses in this category totaled \$143.8 million for the year ended June 30, 2021. Comparatively, revenues were \$160.7 million and expenses totaled \$150.5 million for the year ended June 30, 2020. After transfers to the business-type activities, the increase in net position stands at \$31 million at June 30, 2021, compared to an increase of \$9.9 million in 2020. Instructional services expenses comprised 79% of total governmental-type expenses, while system-wide support services made up 19% of those expenses for 2021. County funding comprised 26% of total governmental revenue, while State and Federal funding accounted for 69%. Business-type activities generated revenues of \$6.4 million and expenses of \$6.5 million. Net position in the business-type activities increased \$109,751 after transfers from the governmental activities of \$215,379.

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 \$13.4 million, an increase of \$2,846,273 from last year. State funding increased \$3,225,463, while county funding increased \$11,712,066. Expenditures for the year increased \$12,230,067.

Proprietary Funds: The Board's business-type fund, the School Food Service Fund, reflected an increase in net position of \$109,751 compared to 2020. Operating expenses decreased \$1,619,442 from the prior year, while operating revenues decreased \$1,288,190. The decrease in operating revenues was due to reduced sales of meals caused by remote learning of students.



General Fund Budgetary Highlights

General Fund expenditures decreased \$571,998 compared to prior year. The majority of this decrease was due to the reduction of in-person instruction throughout the year, as a result of Covid-19. Revenues increased \$911,462 from prior year. Revenues exceeded expenditures by \$2,880,921 in the General

Fund and resulted in an increase of \$2,665,542 in the General Fund balance, after transfers to other funds totaling \$215,379.

Capital Assets

Capital assets increased (net of depreciation) approximately \$18.1 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.

Table 3							
Summary of Capital Assets							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2021	2020	2021	2020	2021	2020	
Land	\$ 5,536,989	\$ 5,536,989	\$ -	\$ -	\$ 5,536,989	\$ 5,536,989	
Construction in progress	34,441,848	12,164,364	-	-	34,441,848	12,164,364	
Buildings	119,033,061	123,168,681	-	-	119,033,061	123,168,681	
Furniture and equipment	2,249,089	2,254,854	188,529	244,766	2,437,618	2,499,620	
Vehicles and motorized equipment	5,338,747	5,286,508	-	-	5,338,747	5,286,508	
Library Books	-	-	-	-	-	-	
Computer Equipment	(137,455)	(96,446)	-	-	(137,455)	(96,446)	
Total	\$ 166,462,279	\$ 148,314,950	\$ 188,529	\$ 244,766	\$ 166,650,808	\$ 148,559,716	

Debt Outstanding

During the year the Board's outstanding debt decreased \$17,804,217, mainly due to the decrease in net OPEB liability of \$25,746,473.

Economic Factors

Continued maintenance of facilities, technology upgrades, along with the recruitment and retention of employees, 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 2021, the county's unemployment rate was 4.9%, which was slightly higher than the state average of 4.6%.
- As of June 2021, the county's property tax rate was \$.6327, which remained unchanged from the previous year.
- As of June 2021, the Archdale/Trinity school tax rate was \$.0922, which remained unchanged 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 continued to be impacted by the coronavirus. The Randolph County Board of Education's response included:

- Providing in-person and virtual instruction options for all students.
- Providing student meals and take-home options for all students.
- Providing personal protective equipment for all staff members.
- Providing additional staffing at all schools to address Coronavirus impacts.
- Planning for virtual instruction options beyond the 2020-2021 school year.

The continued spread of the coronavirus resulted in a hybrid approach to instruction during the 2020-2021 school year. Students and families were given the choice of in-person instruction 2 days per week and virtual instruction 3 days per week, or virtual instruction 5 days per week. Due to the reduction of students on school campuses, transportation and utility expenses were considerably lower throughout the year. Staffing shortages increased the need to obtain appropriate substitutes in many areas, while lowering overall personnel expenses. The Board of Education utilized state and federal coronavirus funding to purchase technology, supplies, and services to support virtual instruction.

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, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 10,989,424	\$ 4,071,079	\$ 15,060,503
Due from Other Governments	7,520,221	118,125	7,638,346
Accounts Receivable	119,803	1,734	121,537
Taxes Receivable	32,782	-	32,782
Net OPEB Asset	241,483	8,992	250,475
Inventories	713,835	231,975	945,810
Prepaid Expenses	2,024,497	-	2,024,497
Capital Assets:			
Land, Improvements and Construction in Progress	39,978,837	-	39,978,837
Other Capital Assets, Net of Depreciation	126,483,442	188,529	126,671,971
Total Capital Assets	166,462,279	188,529	166,650,808
Total Assets	188,104,324	4,620,434	192,724,758
Deferred Outflows of Resources	40,604,391	1,305,885	41,910,276
Liabilities:			
Accounts Payable	1,755,117	52,121	1,807,238
Retainage Payable	1,606,863	-	1,606,863
Accrued Compensation	3,475,443	-	3,475,443
Accrued Employee Benefits	1,000,861	-	1,000,861
Due to Other Governments	3,454	-	3,454
Unearned Revenue	-	106,721	106,721
Long-Term Liabilities:			
Net Pension Liability	67,729,561	2,279,561	70,009,122
Net OPEB Liability	135,290,384	4,945,148	140,235,532
Due Within One Year	5,260,370	99,534	5,359,904
Due in More Than One Year	6,050,334	-	6,050,334
Total Liabilities	222,172,387	7,483,085	229,655,472
Deferred Inflows of Resources	83,035,714	2,898,081	85,933,795
Net Position:			
Net Investment in Capital Assets	165,141,209	188,529	165,329,738
Restricted:			
Individual Schools	1,555,424	-	1,555,424
Stabilization by State Statute	3,166,768	-	3,166,768
Trinity/Archdale Tax District	897,247	-	897,247
DIPNC OPEB Plan	241,483	8,992	250,475
Unrestricted	(247,501,517)	(4,652,368)	(252,153,885)
Total Net Position	\$ (76,499,386)	\$ (4,454,847)	\$ (80,954,233)

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, 2021

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	\$ 66,039,806	\$ 164,431	\$ 61,715,626	\$ -	\$ (4,159,749)	\$ -	\$ (4,159,749)
Special Populations	16,259,542	-	16,807,902	-	548,360	-	548,360
Alternative Programs	9,434,912	-	9,094,139	-	(340,773)	-	(340,773)
School Leadership	8,670,281	-	8,219,714	-	(450,567)	-	(450,567)
Co-curricular	3,240,816	1,386,990	1,109,274	78,529	(666,023)	-	(666,023)
School-based Support	9,815,277	-	9,094,998	-	(720,279)	-	(720,279)
System-wide Support Services:							
Support and Development	531,403	-	325,916	-	(205,487)	-	(205,487)
Special Population Support and Development	1,203,972	-	1,111,687	-	(92,285)	-	(92,285)
Alternative Programs and Services Support and Development	224,601	-	84,468	-	(140,133)	-	(140,133)
Technology Support	766,035	-	715,193	-	(50,842)	-	(50,842)
Operational Support	21,458,375	-	10,003,922	1,250,228	(10,204,225)	-	(10,204,225)
Financial and Human Resource	2,047,386	-	737,485	-	(1,309,901)	-	(1,309,901)
Accountability	186,010	-	19,392	-	(166,618)	-	(166,618)
System-wide Pupil Support	413,115	-	171,378	-	(241,737)	-	(241,737)
Policy, Leadership and Public Relations	1,097,438	-	704,517	-	(392,921)	-	(392,921)
Ancillary Services	697,924	-	718,612	-	20,688	-	20,688
Nonprogram Charges	1,750,100	-	-	-	(1,750,100)	-	(1,750,100)
Total Governmental Activities	143,836,993	1,551,421	120,634,223	1,328,757	(20,322,592)	-	(20,322,592)
Business-Type Activities:							
School Food Service	6,520,163	276,724	6,128,781	-	-	(114,658)	(114,658)
Total Business-Type Activities	6,520,163	276,724	6,128,781	-	-	(114,658)	(114,658)
Total	\$ 150,357,156	\$ 1,828,145	\$ 126,763,004	\$ 1,328,757	(20,322,592)	(114,658)	(20,437,250)
General Revenues:							
Unrestricted County Appropriations - Operating					20,514,073	-	20,514,073
Unrestricted County Appropriations - Capital					25,287,741	-	25,287,741
Unrestricted Federal Appropriations - Operating					287,374	-	287,374
Supplemental School Taxes					2,480,909	-	2,480,909
Investment Earnings, Unrestricted					3,574	9,030	12,604
Miscellaneous, Unrestricted					3,004,857	-	3,004,857
Total General Revenues, Excluding Transfers					51,578,528	9,030	51,587,558
Transfers					(215,379)	215,379	-
Total General Revenues and Transfers					51,363,149	224,409	51,587,558
Change in Net Position					31,040,557	109,751	31,150,308
Net Position Beginning of Year, Previously Reported					(107,539,943)	(4,564,598)	(112,104,541)
Net Position End of Year					\$ (76,499,386)	\$ (4,454,847)	\$ (80,954,233)

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, 2021

	Major Funds			Total	Total
	General	State Public School	Capital Outlay	Non-Major Funds	Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 8,671,203	\$ -	\$ 762,797	\$ 1,555,424	\$ 10,989,424
Receivables:					
Due from Other Governments	209,981	4,145,879	2,803,840	360,521	7,520,221
Accounts Receivable	119,803	-	-	-	119,803
Taxes Receivable	32,782	-	-	-	32,782
Due From Other Funds	33,143	-	-	3,454	36,597
Inventories	483,173	230,662	-	-	713,835
Prepaid Insurance	2,024,497	-	-	-	2,024,497
Total Assets	\$ 11,574,582	\$ 4,376,541	\$ 3,566,637	\$ 1,919,399	\$ 21,437,159
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 595,999	\$ -	\$ 1,159,118	\$ -	\$ 1,755,117
Retainage Payable	-	-	1,606,863	-	1,606,863
Accrued Compensation	96,432	3,145,327	-	233,684	3,475,443
Accrued Employee Benefits	27,300	904,357	-	69,204	1,000,861
Due to Other Governments	-	-	-	3,454	3,454
Due to Other Funds	3,454	-	33,143	-	36,597
Total Liabilities	723,185	4,049,684	2,799,124	306,342	7,878,335
Deferred Inflows of Resources	32,782	96,195	-	57,633	186,610
Fund Balances:					
Nonspendable:					
Inventories	483,173	230,662	-	-	713,835
Prepaid Assets	2,024,497	-	-	-	2,024,497
Restricted:					
Individual Schools	-	-	-	1,555,424	1,555,424
Stabilization by State Statute	362,928	-	2,803,840	-	3,166,768
Trinity/Archdale Tax District	897,247	-	-	-	897,247
Unassigned:	7,050,770	-	(2,036,327)	-	5,014,443
Total Fund Balances	10,818,615	230,662	767,513	1,555,424	13,372,214
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,574,582	\$ 4,376,541	\$ 3,566,637	\$ 1,919,399	

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.	166,462,279
Net OPEB asset	241,483
Deferred outflows of resources related to pensions	25,800,350
Deferred outflows of resources related to OPEB	14,804,041
Liabilities for earned but unavailable revenues in fund statements.	186,611
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.	(11,310,704)
Net pension liability	(67,729,562)
Net OPEB liability	(135,290,384)
Deferred inflows of resources related to OPEB	(80,332,526)
Deferred inflows of resources related to pensions	(2,703,188)
Net position of governmental activities	\$ (76,499,386)

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, 2021

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay		
Revenues:					
State of North Carolina	\$ 1,785,226	\$ 108,765,705	\$ 1,250,228	\$ -	\$ 111,801,159
Randolph County	20,514,073	-	25,287,741	-	45,801,814
Supplemental School Taxes	2,486,624	-	-	-	2,486,624
United States Government	315,343	-	-	10,443,901	10,759,244
Other	2,287,432	-	25,601	2,496,264	4,809,297
Total Revenues	27,388,698	108,765,705	26,563,570	12,940,165	175,658,138
Expenditures:					
Current:					
Instructional Services:					
Regular Instructional	5,785,791	59,687,183	-	1,654,048	67,127,022
Special Populations	958,640	14,455,133	-	2,352,769	17,766,542
Alternative Programs	1,492,925	4,407,590	-	4,686,549	10,587,064
School Leadership	1,215,171	8,219,714	-	-	9,434,885
Co-curricular	812,383	-	-	2,467,978	3,280,361
School-based Support	1,497,482	8,701,099	-	393,899	10,592,480
System-wide Support Services:					
Support and Development	249,578	325,604	-	312	575,494
Special Population Support and Development	199,215	653,624	-	458,063	1,310,902
Alternative Programs and Services Support and Development	161,044	-	-	84,468	245,512
Technology Support	196,547	705,733	-	9,460	911,740
Operational Support	7,848,448	9,318,853	-	685,069	17,852,370
Financial and Human Resource	1,390,699	734,108	-	3,377	2,128,184
Accountability	182,753	19,392	-	-	202,145
System-wide Pupil Support	275,311	171,378	-	-	446,689
Policy, Leadership and Public Relations	472,340	676,032	-	28,485	1,176,857
Ancillary Services	19,350	690,262	-	28,350	737,962
Nonprogram Charges	1,750,100	-	-	59,052	1,809,152
Debt Service:					
Principal	-	-	1,250,228	-	1,250,228
Capital Outlay:					
Real Property and Buildings	-	-	22,869,671	-	22,869,671
Furniture and Equipment	-	-	183,515	-	183,515
Buses and Motor Vehicles	-	-	1,105,000	-	1,105,000
Other Costs and Projects	-	-	1,975,029	-	1,975,029
Total Expenditures	24,507,777	108,765,705	27,383,443	12,911,879	173,568,804
Revenues Over (Under) Expenditures	2,880,921	-	(819,873)	28,286	2,089,334
Other Financing Sources (Uses):					
Installment Purchase Obligations Issued	-	-	1,067,689	-	1,067,689
Transfer to Other Funds	(215,379)	-	-	-	(215,379)
Total Other Financing Sources (Uses)	(215,379)	-	1,067,689	-	852,310
Net Change in Fund Balances	2,665,542	-	247,816	28,286	2,941,644
Fund Balances - Beginning of Year	8,169,263	309,843	519,697	1,527,138	10,525,941
Decrease in Reserve for Inventories	(16,190)	(79,181)	-	-	(95,371)
Fund Balances - End of Year	\$ 10,818,615	\$ 230,662	\$ 767,513	\$ 1,555,424	\$ 13,372,214

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, 2021

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

Net changes in fund balances - total governmental funds	\$ 2,941,644
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.	18,154,981
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	30,417
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	12,302,397
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	5,635,129
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.	182,539
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	(18,095,578)
Net OPEB expense	9,823,162
Compensated absences	168,889
Loss on Disposal of Assets	(7,652)
Decrease in inventories included in governmental activities	<u>(95,371)</u>
Total changes in net position of governmental activities	<u>\$ 31,040,557</u>

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

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

Exhibit 5

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, 2021

	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	\$ 1,310,000	\$ 1,785,226	\$ 475,226	\$ 105,762,097	\$ 110,386,146	\$ 108,765,705	\$ (1,620,441)
Randolph County	20,514,073	20,514,073	20,514,073	-	-	-	-	-
Supplemental School Taxes	2,310,000	2,445,000	2,486,624	41,624	-	-	-	-
United States Government	285,000	285,000	315,343	30,343	-	-	-	-
Other	2,954,300	2,388,300	2,287,432	(100,868)	-	-	-	-
Total Revenues	26,803,373	26,942,373	27,388,698	446,325	105,762,097	110,386,146	108,765,705	(1,620,441)
Expenditures:								
Current:								
Instructional Services:								
Regular Instructional	8,226,893	6,919,886	5,785,791	1,134,095	60,593,804	60,915,323	59,687,183	1,228,140
Special Populations	-	959,334	958,640	694	13,407,481	14,503,828	14,455,133	48,695
Alternative Programs	816,100	1,493,945	1,492,925	1,020	4,963,291	4,602,309	4,407,590	194,719
School Leadership	793,100	1,215,902	1,215,171	731	8,248,909	8,342,242	8,219,714	122,528
Co-curricular	468,957	813,986	812,383	1,603	-	-	-	-
School-based Support	533,400	1,512,273	1,497,482	14,791	7,886,222	8,711,890	8,701,099	10,791
System-wide Support Services:								
Support and Development	1,597,600	593,839	249,578	344,261	150,000	325,604	325,604	-
Special Population Support and Development	12,400	200,368	199,215	1,153	614,000	653,624	653,624	-
Alternative Programs and Services Support and Development	-	161,047	161,044	3	-	-	-	-
Technology Support	392,000	493,865	196,547	297,318	-	707,730	705,733	1,997
Operational Support	8,610,923	8,445,513	7,848,448	597,065	7,837,625	9,332,096	9,318,853	13,243
Financial and Human Resource	1,265,500	1,409,934	1,390,699	19,235	559,567	734,108	734,108	-
Accountability	16,000	182,754	182,753	1	-	19,392	19,392	-
System-wide Pupil Support	2,071,200	275,311	275,311	-	15,000	171,378	171,378	-
Policy, Leadership and Public Relations	329,300	486,757	472,340	14,417	655,422	676,032	676,032	-
Ancillary Services	-	19,498	19,350	148	830,776	690,590	690,262	328
Nonprogram Charges	1,670,000	1,750,100	1,750,100	-	-	-	-	-
Total Expenditures	26,803,373	26,934,312	24,507,777	2,426,535	105,762,097	110,386,146	108,765,705	1,620,441
Revenues Over (Under) Expenditures	-	8,061	2,880,921	2,872,860	-	-	-	-
Other Financing Sources (Uses):								
Transfer to Other Funds	-	(215,380)	(215,379)	1	-	-	-	-
Total Other Financing Sources (Uses)	-	(215,380)	(215,379)	1	-	-	-	-
Appropriated Fund Balances:								
Appropriated Fund Balance	-	207,319	-	(207,319)	-	-	-	-
Total Appropriated Fund Balances	-	207,319	-	(207,319)	-	-	-	-
Net Change in Fund Balances	\$ -	\$ -	2,665,542	\$ 2,665,542	\$ -	\$ -	-	\$ -
Fund Balances - Beginning of Year			8,169,263				309,843	
Decrease in Reserve for Inventories			(16,190)				(79,181)	
Fund Balances - End of Year			\$ 10,818,615				\$ 230,662	

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, 2021

	School Food Service
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 4,071,079
Due from Other Governments	118,125
Accounts Receivable	1,734
Net OPEB Asset	8,992
Inventories	231,975
Total Current Assets	<u>4,431,905</u>
Noncurrent Assets:	
Capital Assets:	
Equipment, net	<u>188,529</u>
Total Noncurrent Assets	<u>188,529</u>
Total Assets	<u>\$ 4,620,434</u>
Deferred Outflows of Resources	<u>\$ 1,305,885</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	52,121
Unearned Revenues	106,721
Compensated Absences - Current	99,534
Total Current Liabilities	<u>258,376</u>
Noncurrent Liabilities:	
Net Pension Liability	2,279,561
Net OPEB Liability	4,945,148
Total Noncurrent Liabilities	<u>7,224,709</u>
Total Liabilities	<u>7,483,085</u>
Deferred Inflows of Resources	<u>2,898,081</u>
Net Position:	
Net Investment in Capital Assets	188,529
DIPNC OPEB Plan	8,992
Unrestricted	(4,652,368)
Total Net Position	<u>\$ (4,454,847)</u>

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, 2021

	<u>Major Fund</u> <u>School Food</u> <u>Service</u>
Operating Revenues:	
Food Sales	\$ 276,724
Operating Expenses:	
Food Cost:	
Purchased Food	1,418,679
Donated Commodities	558,284
Salaries and Benefits	3,585,508
Materials and Supplies	244,905
Repairs and Maintenance	41,957
Purchased Services	81,489
Depreciation	68,358
Other	31,221
Indirect Costs	489,762
Total Operating Expenses	<u>6,520,163</u>
Operating Loss	<u>(6,243,439)</u>
Nonoperating Revenues (Expenses):	
Federal Reimbursements	5,447,467
State Reimbursements	13,090
Federal Commodities	668,224
Interest Earned on Investments	9,030
Total Nonoperating Revenues (Expenses)	<u>6,137,811</u>
Loss Before Transfers	<u>(105,628)</u>
Transfers From Other Funds:	
General Fund	215,379
Total Transfers From Other Funds	<u>215,379</u>
Change in Net Position	109,751
Total Net Position - Beginning of Year, Previously Reported	<u>(4,564,598)</u>
Total Net Position - End of Year	<u><u>\$ (4,454,847)</u></u>

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, 2021

Cash Flows from Operating Activities:	
Cash Received From Customers	\$ 304,209
Cash Paid For Goods and Services	(2,241,831)
Cash Paid to Employees For Services	(3,827,660)
	<hr/>
Net Cash (Used) By Operating Activities	(5,765,282)
	<hr/>
Cash Flows from Investing Activities:	
Interest Earned on Investments	9,030
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Reimbursements	5,447,467
State Reimbursements	13,090
Transfers From Other Funds	215,379
	<hr/>
Net Cash Flows from Noncapital Financing Activities	5,675,936
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(13,712)
	<hr/>
Net Cash Flows (Used) by Capital and Related Financing Activities	(13,712)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(94,028)
Cash and Cash Equivalents at Beginning of Year	4,165,107
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 4,071,079
	<hr/>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities:	
Operating Loss	\$ (6,243,439)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	68,358
Loss on Disposal of Assets	1,591
Donated Commodities Received	668,224
(Increase) Decrease in Accounts Receivable	68,605
(Increase) Decrease in Net OPEB Asset	(1,067)
(Increase) Decrease in Inventory	(42,531)
(Decrease) Increase in Net Pension Liability	160,957
(Decrease) Increase in Net OPEB Liability	(714,013)
(Increase) Decrease in Deferred Outflows - Pension	(9,915)
(Increase) Decrease in Deferred Outflows of Resources - OPEB	104,130
Increase (Decrease) in Deferred Inflows - Pension	7,204
Increase (Decrease) in Deferred Inflows - OPEB	188,695
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(2,817)
Increase (Decrease) in Unearned Revenues	(41,121)
Increase (Decrease) in Accrued Vacation Pay	21,857
	<hr/>
Total Adjustments	478,157
	<hr/>
Net Cash (Used) by Operating Activities	\$ (5,765,282)
	<hr/>

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, 2021

Noncash Investing, Capital, and Financing Activities:

The School Food Service Fund received donated commodities with a value of \$668,224 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$558,284 worth of donated commodities during the fiscal year as an operating expense.

The General Fund paid salaries and benefits of \$215,379 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 on 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, 2021

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, also required by G.S. 115C-426, 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. While no annual budget is required by State law for individual school funds, such funds must be accounted for in accordance with the provisions of G.S 115C-448. 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

1. 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 Global Ratings and AAAMf by Moody's Investors Service. The NCCMT Government Portfolio is reported at fair value. 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. All other capital assets are recorded at original cost. 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, 2021, 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 (\$89,871,600) 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)	\$ 293,006,735
Less Accumulated Depreciation	(126,544,456)
Net Capital Assets	166,462,279
Net OPEB Asset	241,483
Pension related deferred outflows of resources	13,497,953
Contributions made to pension plan in current fiscal year	12,302,397
Deferred outflows of resources related to OPEB	9,168,912
Contributions made to OPEB plan in current fiscal year	5,635,129
Liabilities for revenue unavailable but earned and therefore recorded in the fund statements but not the government-wide statements	186,611
Deferred inflows of resources related to pensions	(2,703,188)
Deferred inflows of resources related to OPEB	(80,332,526)
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	(135,290,384)
Net Pension Liability	(67,729,561)
Compensated Absences	(9,989,635)
Installment Financing	(1,321,070)
Total Adjustment	<u>(\$ 89,871,600)</u>

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 \$ 28,098,913 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 23,638,327
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	(5,483,346)
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	(1,067,689)
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	1,250,228
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	12,302,397
Contributions to the OPEB plans in the current fiscal year are not included in the statement of activities	5,635,129
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	(18,095,578)
Net OPEB expense	9,823,162
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	168,889
Loss on disposal of assets	(7,652)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows – taxes receivable at June 30, 2021	(5,715)
Increase in deferred inflows – sales tax refund receivable at June 30, 2021	36,132
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(95,371)
Total Adjustment	<u>\$ 28,098,913</u>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. 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, 2021, the System had deposits with banks and savings and loans with a carrying amount of \$15,060,503 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer was \$18,088,585 and \$1,174,688, respectively. Of these balances, \$568,402 was covered by federal depository insurance; \$1,174,688 was covered by collateral held by authorized escrow agents in the name of the State Treasurer; and \$16,345,496 was covered by collateral held under the Pooling Method.

2. Accounts Receivable

Receivables at the government-wide level at June 30, 2021, were as follows:

	Due From Other Governments	Other
Governmental Activities:		
General Fund	\$ 209,981	\$ 119,803
Other Governmental Activities	7,310,240	-- --
Total	<u>\$ 7,520,221</u>	<u>\$ 119,803</u>
Business-type Activities:		
School Food Service	<u>\$ 118,125</u>	<u>\$ 1,734</u>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS (Continued)

2. Accounts Receivable (Concluded)

Due from other governments consists of the following:

Governmental Activities:		Description
General Fund	\$ 209,981	Revenue from federal and state sources and sales tax refund from the Department of Revenue
State Public School Fund	4,145,879	Operating funds from DPI and sales tax refund from the Department of Revenue
Capital Outlay Fund	2,803,840	Sales tax refund from the Department of Revenue and construction reimbursements from Randolph County
Federal Grants Fund	360,521	Operating funds from DPI and sales tax refund from the Department of Revenue
Total	<u>\$ 7,520,221</u>	
Business-type Activities:		
School Food Service	<u>\$ 118,125</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)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS (Concluded)

3. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,536,989	\$ -	\$ -	\$ 5,536,989
Construction in Progress	12,164,364	22,277,484	-	34,441,848
Total Capital Assets Not Being Depreciated	17,701,353	22,277,484	-	39,978,837
Capital Assets Being Depreciated:				
Buildings	221,565,725	45,904	5,654	221,605,975
Furniture and Equipment	7,460,646	267,019	196,732	7,530,933
Computer Equipment	1,336,264	-	68,748	1,267,516
Vehicles	21,655,557	1,048,711	110,737	22,593,531
Total Capital Assets Being Depreciated	252,018,192	1,361,634	381,871	252,997,955
Less Accumulated Depreciation For:				
Buildings	98,397,044	4,181,524	5,654	102,572,914
Furniture and Equipment	5,205,792	264,391	188,339	5,281,844
Computer Equipment	1,432,710	41,009	68,748	1,404,971
Vehicles	16,369,049	996,422	110,687	17,254,784
Total Accumulated Depreciation	121,404,595	\$ 5,483,346	\$ 373,428	126,514,513
Total Capital Assets Being Depreciated, Net	130,613,597			126,483,442
Governmental Activity Capital Assets, Net	\$ 148,314,950			\$ 166,462,279
Depreciation expense was charged to governmental functions as follows:				
Regular Instructional Services		4,346,513		
Technology Support Services		13,783		
Operational Support Services		1,120,112		
Policy, Leadership & Public Relations Support Services		2,938		
		<u>\$ 5,483,346</u>		
Business-type Activities:				
Equipment	\$ 4,005,978	\$ 13,712	\$ 16,073	\$ 4,003,617
Less Accumulated Depreciation	3,761,212	<u>\$ 68,358</u>	<u>\$ 14,482</u>	3,815,088
Business-type Activities Capital Assets, Net	\$ 244,766			\$ 188,529

Construction Commitments:

The System has entered into contract commitments, as of June 30, 2021, 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:

Project	Spent-to-date	Remaining Commitment
Trinity Middle School	\$ 29,449,880	\$ 4,845,853

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. 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 - 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 State Director of Human Resources who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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.

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, 2021 is 14.78% 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)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

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

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

Contributions (Concluded). Contributions and investment income, 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, 2021 was \$12,638,448.

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, 2021, the System reported a liability of \$70,009,122 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 and June 30, 2019, the System's proportion was .58% and .60%, respectively.

For the year ended June 30, 2021, the System recognized pension expense of \$18,589,875. At June 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,857,880	\$ - 0 -
Changes of assumptions	2,372,412	- 0 -
Net difference between projected and actual earnings on pension plan investments	7,742,291	- 0 -
Changes in proportion and differences between System contributions and proportionate share of contributions	- 0 -	2,842,928
System contributions subsequent to the measurement date	12,638,448	- 0 -
Total	<u>\$ 26,611,031</u>	<u>\$ 2,842,928</u>

The \$12,638,448 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, 2022. 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)

II. 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).

<u>Year Ending June 30</u>	
2022	\$ 3,473,243
2023	2,778,979
2024	2,570,945
2025	2,306,488
2026	--
Thereafter	--
	<u>\$ 11,129,655</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, and adopted by the Board of Trustees on January 21, 2016. 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, 2019 are summarized in the following table:

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. 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	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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)	\$ 125,999,994	\$ 70,009,122	\$ 23,044,385

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. 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 Annual Comprehensive Financial Report (ACFR) 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, Article 1 of the General Statutes. 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 ACFR, 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)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

I. 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 6.68% of covered payroll which amounted to \$5,712,100.

At June 30, 2021, the System reported a liability of \$140,235,532 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the System's proportion was .5055%.

The \$5,712,100 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, 2022. 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)

II. 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).

<u>Year Ending June 30</u>	
2022	\$ 23,789,871
2023	23,774,472
2024	13,637,683
2025	6,578,046
2026	5,968,295
Thereafter	- -
	<u>\$ 73,748,367</u>

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 - 5.00 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 2.21%. 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 2.21% 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, 2020.

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 (1.21%) or 1 percentage point higher (3.21%) than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
System's proportionate share of net OPEB liability	\$166,310,466	\$140,235,532	\$119,227,825

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. 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 - 9.5%; Medicare Advantage-5.0 - 6.5%; Administrative- 3.0%)	1% Increase (Medical- 6.0 - 7.5%; Pharmacy- 6.0 - 10.5%; Medicare Advantage-6.0 - 7.5%; Administrative- 4.0%)
System's proportionate share of net OPEB liability	\$113,055,194	\$140,235,532	\$176,565,710

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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 ACFR, 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)

II. 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 (Continued)

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.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

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, 2021, employers make a statutory contribution of .09% of covered payroll which was equal to the actuarially required contribution. System contributions to the plan were \$76,959 for the year ended June 30, 2021. 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

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. 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)

Contributions (Concluded). postemployment benefit.

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

At June 30, 2021, the System reported an asset of \$250,475 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset/liability was measured as of June 30, 2020, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB asset/liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 the System's proportion was .5092%.

The \$76,959 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, 2022. 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>	
2022	\$ 55,291
2023	38,255
2024	20,933
2025	31,959
2026	5,718
Thereafter	15,633
	<u>\$ 167,789</u>

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:

	<u>1% Decrease (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
System's proportionate share of net OPEB asset	\$ 216,322	\$ 250,475	\$ 283,638

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. 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 (Concluded).

Common Actuarial Assumptions for Both OPEB Plans. The total OPEB asset/liability was determined by an actuarial valuation performed as of December 31, 2019 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, 2020. 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.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2020. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 is 1.2%.

<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%
Opportunistic Fixed Income	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

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

b. Other Post-employment Benefits (Concluded)

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

	RHBF	DIPNC	Total
OPEB Expense	(\$ 10,282,634)	\$ 191,145	(\$ 10,091,489)
OPEB Liability (Asset)	\$140,235,532	(\$ 250,475)	\$139,985,057
Proportionate Share of Net OPEB Liability (Asset)	.50550%	.5092%	

Deferred Outflows of Resources:

Differences Between Expected & Actual

Experience	\$ 127,043	\$ 181,449	\$ 308,492
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Changes of Assumptions	\$ 6,150,630	\$ 19,475	\$ 6,170,105
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Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ 295,421	\$ - 0 -	\$ 295,421
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Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ 2,707,146	\$ 29,022	\$ 2,736,168
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System Contributions Subsequent to the Measurement Date	\$ 5,712,100	\$ 76,959	\$ 5,789,059
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Deferred Inflows of Resources:

Differences Between Expected & Actual

Experience	\$ 5,486,186	\$ - 0 -	\$ 5,486,186
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Changes of Assumptions	\$ 56,910,396	\$ 19,725	\$ 56,930,121
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Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ - 0 -	\$ 42,433	\$ 42,433
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Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ 20,632,127	\$ - 0 -	\$ 20,632,127
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2. Accounts Payable

Accounts payable as of June 30, 2021 are as follows:

	Vendors	Salaries	Benefits
Governmental Activities:			
General Fund	\$ 595,999	\$ 96,432	\$ 27,300
Other Governmental Activities	1,159,118	3,379,011	973,561
Total	<u>\$ 1,755,117</u>	<u>\$3,475,443</u>	<u>\$1,000,861</u>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

3. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,166,372	\$ 5,486,186
Changes of assumptions	8,542,517	56,930,121
Net difference between projected and actual earnings on pension plan investments	8,037,712	42,433
Changes in proportion and differences between system contributions and proportionate share of contributions	2,736,168	23,475,055
Taxes receivable - Unavailable revenue (General Fund)	- 0 -	32,782
Sales tax receivable - Unavailable revenue (Special Revenue funds)	- 0 -	153,828
System contributions subsequent to the measurement date	18,427,507	- 0 -
Total	<u>\$ 41,910,276</u>	<u>\$ 86,120,405</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 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.

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Continued)

4. Risk Management (Concluded)

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, 2021, 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-47(28). 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, 2021, 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 \$131,623, \$43,608, 391,827, \$48,506, \$100,212, \$71,447 and \$95,263, due at the beginning of each contract year.

The future minimum payments of the installment purchases as of June 30, 2021, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities Principal</u>
2022	\$ 882,487
2023	266,922
2024	171,660
	<u>\$ 1,321,069</u>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES (Concluded)

6. Long-Term Obligations (Concluded)

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, 2021:

<u>Governmental Activities</u>	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Direct Placement:					
Installment Purchase	\$ 1,503,608	\$ 1,067,689	\$ 1,250,228	\$ 1,321,069	\$ 882,487
Net Pension Liability	59,618,690	8,110,871	- 0 -	67,729,561	- 0 -
Net OPEB Liability	160,322,844	- 0 -	25,032,460	135,290,384	- 0 -
Compensated Absences	10,158,524	4,208,993	4,377,883	9,989,634	4,377,883
Total	<u>\$231,603,666</u>	<u>\$13,387,553</u>	<u>\$30,660,571</u>	<u>\$ 214,330,648</u>	<u>\$5,260,370</u>
Business-type Activities					
Net Pension Liability	\$ 2,118,604	\$ 160,957	\$ - 0 -	\$ 2,279,561	\$ - 0 -
Net OPEB Liability	5,659,161	- 0 -	714,013	4,945,148	- 0 -
Compensated Absences	77,677	186,441	164,584	99,534	99,534
	<u>\$ 7,855,442</u>	<u>\$ 347,398</u>	<u>\$ 878,597</u>	<u>\$ 7,324,243</u>	<u>\$ 99,534</u>

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, 2021, consists of the following:

From the General Fund to the School Food Service Fund for administrative costs. \$ 215,379

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Outlay Fund:	
	Amounts remitted to Capital Outlay Fund in error.	\$ 33,143
Federal Grants Fund	General Fund:	
	Excess indirect cost charged to federal program.	3,454
		<u>\$ 36,597</u>

RANDOLPH COUNTY SCHOOL SYSTEM
ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

II. DETAIL NOTES ON ALL FUNDS (Concluded)

D. FUND BALANCE.

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

Total Fund Balance -- General Fund	\$10,818,615
Less:	
Prepaid Assets	2,024,497
Inventories	483,173
Stabilization by State Statute	362,928
Appropriated Fund Balance in 2021 budget	- 0 -
Remaining Fund balance	<u>\$ 7,948,017</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 -

III. 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.

IV. 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.

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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 Eight Fiscal Years

	<u>2021</u>	<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)	0.58%	0.60%	0.62%	0.64%	0.64%	0.64%	0.66%	0.66%
System's proportionate share of the net pension liability (asset)	\$ 70,009,122	\$ 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	\$ 85,533,338	\$ 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	81.85%	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	85.98%	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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 12,638,448	\$ 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	<u>12,638,448</u>	<u>11,093,674</u>	<u>10,842,113</u>	<u>9,377,548</u>	<u>8,609,912</u>	<u>7,634,755</u>	<u>7,804,051</u>	<u>7,264,314</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered payroll	\$ 85,510,475	\$ 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	14.78%	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 Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
System's proportion of the net OPEB liability (asset)	0.5055%	0.5246%	0.5530%	0.5771%	0.5574%
System's proportionate share of the net OPEB liability (asset)	\$ 140,235,532	\$ 165,982,005	\$ 157,545,108	\$ 189,232,270	\$ 242,490,987
System's covered payroll	\$ 85,533,338	\$ 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	163.95%	188.15%	181.11%	219.34%	290.62%
Plan fiduciary net position as a percentage of the total OPEB liability	6.92%	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 Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 5,712,100	\$ 5,534,007	\$ 5,531,330	\$ 5,262,910	\$ 5,193,555
Contributions in relation to the contractually required contribution	<u>5,712,100</u>	<u>5,534,007</u>	<u>5,531,330</u>	<u>5,262,910</u>	<u>5,193,555</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered payroll	\$ 85,510,475	\$ 85,533,338	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669
Contributions as a percentage of covered payroll	6.68%	6.47%	6.27%	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 Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
System's proportion of the net OPEB asset	0.5092%	0.5269%	0.5478%	0.5634%	0.5574%
System's proportionate share of the net OPEB asset	\$ 250,475	\$ 227,375	\$ 166,385	\$ 344,368	\$ 358,621
System's covered payroll	\$ 85,533,338	\$ 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	0.29%	0.26%	0.19%	0.40%	0.43%
Plan fiduciary net position as a percentage of the total OPEB asset	115.57%	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 Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 76,959	\$ 85,533	\$ 123,506	\$ 121,786	\$ 327,833
Contributions in relation to the contractually required contribution	<u>76,959</u>	<u>85,533</u>	<u>123,506</u>	<u>121,786</u>	<u>327,833</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's covered payroll	\$ 85,510,475	\$ 85,533,338	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669
Contributions as a percentage of covered payroll	0.09%	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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
State of North Carolina:			
Outreach Program	\$ 570,000	\$ 984,947	\$ 414,947
Other	740,000	800,279	60,279
Total State of North Carolina	1,310,000	1,785,226	475,226
Randolph County:			
Appropriations From General Revenues	20,514,073	20,514,073	-
Trinity-Archdale District Supplemental School Taxes	2,445,000	2,486,624	41,624
United States Government:			
ROTC	285,000	315,343	30,343
Other:			
Tuition and Fees	142,000	164,431	22,431
Fines and Forfeitures	1,150,000	909,305	(240,695)
Forestation	-	9,588	9,588
Interest Earned on Investments	3,000	2,426	(574)
Interest Earned on Investments - Trinity-Archdale	3,300	828	(2,472)
Community Schools	5,000	490	(4,510)
Miscellaneous Local Operating Revenues	205,000	282,619	77,619
Restricted Local Revenues	230,000	287,374	57,374
Indirect Cost Allocated	650,000	630,371	(19,629)
	2,388,300	2,287,432	(100,868)
Total Revenues	26,942,373	27,388,698	446,325
Expenditures:			
Instructional Services:			
Regular Instructional:			
Regular School		4,117,917	
Regular School - Trinity-Archdale District Funds		1,667,874	
Total Regular Instructional	6,919,886	5,785,791	1,134,095
Special Populations:			
Regular School		843,645	
Regular School - Trinity-Archdale District Funds		114,995	
Total Special Populations	959,334	958,640	694
Alternative Programs:			
Regular School		1,301,579	
Regular School - Trinity-Archdale District Funds		191,346	
Total Alternative Programs	1,493,945	1,492,925	1,020
School Leadership:			
Regular School		902,334	
Regular School - Trinity-Archdale District Funds		312,837	
Total School Leadership	\$ 1,215,902	\$ 1,215,171	\$ 731

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Concluded):			
Instructional Services (Concluded):			
Co-curricular:			
Regular School	\$	\$ 681,189	\$
Regular School - Trinity-Archdale District Funds		131,194	
Total Co-curricular	813,986	812,383	1,603
School-based Support:			
Regular School		1,385,224	
Regular School - Trinity-Archdale District Funds		112,258	
Total School-based Support	1,512,273	1,497,482	14,791
Total Instructional Services	12,915,326	11,762,392	1,152,934
System-wide Support Services:			
Support and Development	593,839	249,578	344,261
Special Population Support and Development	200,368	199,215	1,153
Alternative Programs and Services Support and Development	161,047	161,044	3
Technology Support	493,865	196,547	297,318
Operational Support:			
Regular School		7,823,997	
Regular School - Trinity-Archdale District Funds		24,451	
Total Operational Support	8,445,513	7,848,448	597,065
Financial and Human Resource	1,409,934	1,390,699	19,235
Accountability	182,754	182,753	1
System-wide Pupil Support:			
Regular School		274,659	
Regular School - Trinity-Archdale District Funds		652	
Total System-wide Pupil Support	275,311	275,311	-
Policy, Leadership and Public Relations	486,757	472,340	14,417
Total System-wide Support Services	12,249,388	10,975,935	1,273,453
Ancillary Services:			
Regular School		3,515	
Regular School - Trinity-Archdale District Funds		15,835	
Total Ancillary Services	19,498	19,350	148
Nonprogram Charges:			
Payments to Charter Schools	1,750,100	1,750,100	-
Total Expenditures	26,934,312	24,507,777	2,426,535
Revenues Over Expenditures (Forward)	\$ 8,061	\$ 2,880,921	\$ 2,872,860

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues Over Expenditures (Brought Forward)	\$ 8,061	\$ 2,880,921	\$ 2,872,860
Other Financing Uses:			
Transfer to School Food Service Fund	(215,380)	(215,379)	1
Total Other Financing Uses	(215,380)	(215,379)	1
Appropriated Fund Balance:			
Appropriated Fund Balance	207,319	-	(207,319)
Total Appropriated Fund Balance	207,319	-	(207,319)
Net Change in Fund Balance	\$ -	2,665,542	\$ 2,665,542
Fund Balance:			
Beginning of Year, July 1		8,169,263	
Decrease in Reserve for Inventories		(16,190)	
End of Year, June 30		<u>\$ 10,818,615</u>	

**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, 2021

	Federal Grants Fund	Individual Schools	Total Non-Major Governmental Funds
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 1,555,424	\$ 1,555,424
Due From Other Governments	360,521	-	360,521
Due From Other Funds	3,454	-	3,454
Total Assets	\$ 363,975	\$ 1,555,424	\$ 1,919,399
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accrued Compensation	\$ 233,684	\$ -	\$ 233,684
Accrued Employee Benefits	69,204	-	69,204
Due to Other Governments	3,454	-	3,454
Total Liabilities	306,342	-	306,342
Deferred Inflows of Resources	57,633	-	57,633
Fund Balances:			
Restricted:			
Individual Schools	-	1,555,424	1,555,424
Total Fund Balances	-	1,555,424	1,555,424
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 363,975	\$ 1,555,424	\$ 1,919,399

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, 2021

	Federal Grants Fund	Individual Schools	Total Non-Major Governmental Funds
Revenues:			
United States Government	\$ 10,443,901	\$ -	\$ 10,443,901
Other	-	2,496,264	2,496,264
Total Revenues	<u>10,443,901</u>	<u>2,496,264</u>	<u>12,940,165</u>
Expenditures:			
Current:			
Instructional Programs	9,087,265	2,467,978	11,555,243
Supporting Services	1,269,234	-	1,269,234
Ancillary Services	28,350	-	28,350
Nonprogrammed Charges	59,052	-	59,052
Total Expenditures	<u>10,443,901</u>	<u>2,467,978</u>	<u>12,911,879</u>
Net Change in Fund Balance	<u>-</u>	<u>28,286</u>	<u>28,286</u>
Fund Balances:			
Beginning of Year, July 1	-	1,527,138	1,527,138
End of Year, June 30	<u>\$ -</u>	<u>\$ 1,555,424</u>	<u>\$ 1,555,424</u>

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, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
United States Government	\$ 29,709,426	\$ 10,443,901	\$ (19,265,525)
Total Revenues	<u>29,709,426</u>	<u>10,443,901</u>	<u>(19,265,525)</u>
Expenditures:			
Current:			
Instructional Services:			
Regular Instructional	5,244,851	1,654,048	3,590,803
Special Populations	3,480,224	2,352,769	1,127,455
Alternative Programs	10,015,956	4,686,549	5,329,407
School-based Support	1,386,477	393,899	992,578
System-wide Support Services:			
Support and Development	312	312	-
Special Population Support and Development	551,435	458,063	93,372
Alternative Programs and Services Support and Development	166,844	84,468	82,376
Technology Support	80,464	9,460	71,004
Operational Support	1,697,247	685,069	1,012,178
Financial and Human Resource	26,645	3,377	23,268
System-wide Pupil Support	4,910	-	4,910
Policy, Leadership and Public Relations	32,370	28,485	3,885
Ancillary Services	28,350	28,350	-
Nonprogram Charges	6,993,341	59,052	6,934,289
Total Expenditures	<u>29,709,426</u>	<u>10,443,901</u>	<u>19,265,525</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		<u>\$ -</u>	

**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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
State of North Carolina:			
State Appropriations - Buses	\$ 1,250,228	\$ 1,250,228	\$ -
Randolph County:			
Appropriations From County Issued			
Installment Purchase	26,690,000	22,275,315	(4,414,685)
Appropriation for Current Capital Outlay	3,012,426	3,012,426	-
Other:			
Interest Earned on Investments	-	320	320
Miscellaneous	100,000	25,281	(74,719)
	100,000	25,601	(74,399)
Total Revenues	31,052,654	26,563,570	(4,489,084)
Expenditures:			
Capital Outlay:			
Real Property and Buildings:			
Trinity Middle School		22,277,485	
Buildings		592,186	
	27,316,000	22,869,671	4,446,329
Furniture and Equipment:			
Equipment	183,515	183,515	-
Buses and Motor Vehicles:			
Vehicles	1,245,872	1,105,000	140,872
Other Costs and Projects	2,206,811	1,975,029	231,782
Debt Service:			
Principal	1,250,228	1,250,228	-
Total Expenditures	32,202,426	27,383,443	4,818,983
Revenues Over (Under) Expenditures	(1,149,772)	(819,873)	329,899
Other Financing Sources:			
Installment Purchase Obligations Issued	1,149,772	1,067,689	(82,083)
Total Other Financing Sources	1,149,772	1,067,689	(82,083)
Net Change in Fund Balance	\$ -	247,816	\$ 247,816
Fund Balance:			
Beginning of Year, July 1		519,697	
End of Year, June 30		\$ 767,513	

**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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Operating Revenues:			
Food Sales:			
Paid Student Lunch	\$ 1,200,000	\$ -	\$ (1,200,000)
Paid Student Breakfast	90,000	-	(90,000)
Reduced Student Lunch	65,000	-	(65,000)
Supplemental Sales	1,000,000	261,005	(738,995)
Miscellaneous Sales	15,000	15,719	719
Total Operating Revenues	2,370,000	276,724	(2,093,276)
Operating Expenditures:			
Business Support Services:			
Food Costs:			
Purchase of Food		1,418,679	
Donated Commodities		558,284	
Salaries and Benefits		3,792,800	
Materials and Supplies		244,905	
Repairs and Maintenance		41,957	
Purchased Services		81,489	
Indirect Costs		489,762	
Other		29,631	
Total Business Support Services	10,376,500	6,657,507	3,718,993
Other Support Services:			
Salaries and Benefits	101,000	34,860	66,140
Capital Outlay	150,000	13,712	136,288
Total Operating Expenditures	10,627,500	6,706,079	3,921,421
Operating Income (Loss) (Forward)	\$ (8,257,500)	\$ (6,429,355)	\$ 1,828,145

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Operating Income (Loss) (Brought Forward)	\$ (8,257,500)	\$ (6,429,355)	\$ 1,828,145
Nonoperating Revenues:			
Federal Reimbursements	6,000,000	5,447,467	(552,533)
State Reimbursements	52,000	13,090	(38,910)
Federal Commodities	600,000	668,224	68,224
Interest Earned on Investments	42,000	9,030	(32,970)
Total Nonoperating Revenues	6,694,000	6,137,811	(556,189)
Revenues Over (Under) Expenditures Before Other Financing Sources	(1,563,500)	(291,544)	1,271,956
Other Financing Sources:			
Transfers From Other Funds:			
General Fund	-	215,379	215,379
Total Other Financing Sources	-	215,379	215,379
Appropriated Fund Balance	1,563,500	-	(1,563,500)
Revenues and Other Sources Under Expenditures	\$ -	\$ (76,165)	\$ (76,165)
Reconciliation of Modified Accrual to Full Accrual Basis:			
Revenues and Other Sources Under Expenditures		\$ (76,165)	
Reconciling Items:			
Depreciation		(68,358)	
Increase in Net Pension Liability		(160,957)	
Increase in Deferred Outflows - Pension		9,915	
Increase in Deferred Inflows - Pension		(7,204)	
Decrease in OPEB Liability		714,011	
Increase in OPEB Asset		1,069	
Decrease in Deferred Outflows of Resources - OPEB		(104,130)	
Increase in Deferred Inflows of Resources - OPEB		(188,695)	
Equipment Purchases		13,712	
Loss on Disposal of Assets		(1,590)	
Increase in Accrued Vacation Pay		(21,857)	
Total Reconciling Items		185,916	
Change in Net Position (Full Accrual)		\$ 109,751	

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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, 2021

	<u>2021</u>	<u>2020</u>
Governmental Funds Capital Assets:		
Land	\$ 5,536,989	\$ 5,536,989
Buildings	221,605,975	221,565,725
Furniture and Equipment	7,530,933	7,460,646
Computer Equipment	1,267,516	1,336,264
Vehicles	22,593,531	21,655,557
Construction in Progress	<u>34,441,848</u>	<u>12,164,364</u>
Total Capital Assets	<u>\$ 292,976,792</u>	<u>\$ 269,719,545</u>
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 42,305,930	\$ 41,326,167
Special Revenue Funds	26,127,169	26,127,169
Capital Projects Fund	223,100,208	200,822,724
Donations	<u>1,443,485</u>	<u>1,443,485</u>
	<u>\$ 292,976,792</u>	<u>\$ 269,719,545</u>

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

SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2021

	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	-	-	-	533,867	-	-	533,867
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
	1,17,647	2,497,970	527,282	629,672	-	36,000	3,808,571
Transportation	-	1,242,131	178,581	-	22,593,531	-	24,014,243
Schools:							
Archdaic Elementary	20,114	3,973,682	129,389	19,647	-	-	4,142,832
Archdale-Trinity Middle	64,800	4,119,340	168,413	15,365	-	-	4,367,918
Braxton Craven	247,730	670,439	8,534	13,024	-	-	939,727
Coleridge	4,375	5,810,727	108,821	-	-	-	5,923,923
Early College High School	-	-	108,440	1,434	-	-	109,874
Eastern Randolph High	408,777	6,432,209	697,289	73,793	-	-	7,612,068
Farmer	173,757	5,248,546	38,137	7,597	-	-	5,468,037
Franklinville	37,505	1,992,299	56,105	7,597	-	-	2,093,506
Grey'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	72,233	7,597	-	-	4,429,969
Level Cross	180,860	7,417,470	335,067	7,597	-	-	7,960,994
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	204,154	14,483	-	-	10,636,787
Providence Grove High School	913,404	31,529,689	827,178	59,169	-	-	33,329,440
Ramseur	85,121	2,939,306	96,053	7,597	-	-	3,128,077
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	557,935	66,288	-	-	5,288,534
Seagrove	6,580	4,234,332	62,742	7,121	-	-	4,310,775
Southeastern Middle	113,639	5,796,327	48,735	14,483	-	-	5,973,184
Southmont Elementary	200,905	8,051,098	256,758	7,597	-	-	8,516,358
Southwestern High	25,004	6,453,990	347,886	72,908	-	-	6,899,788
Southwestern Middle	76,395	8,420,303	74,673	14,483	-	-	8,585,854
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	121,149	7,598	-	-	4,649,391
Trinity High	84,607	6,342,937	489,646	-	-	-	6,917,190
Trinity Middle	-	-	-	-	-	34,405,848	34,405,848
Uwharrie Ridge 6 - 12	208,148	10,627,246	96,430	6,885	-	-	10,938,709
Wheatmore High School	1,140,474	36,249,615	658,028	113,021	-	-	38,161,138
	5,419,342	217,865,874	6,825,070	637,844	-	34,405,848	265,153,978
	\$ 5,536,989	\$ 221,605,975	\$ 7,530,933	\$ 1,267,516	\$ 22,593,531	\$ 34,441,848	\$ 292,976,792

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, 2021

	Governmental Fund Capital Assets June 30, 2020	Additions	Retirements	Governmental Fund Capital Assets June 30, 2021
Administration:				
Central Office	\$ 364,188	\$ -	\$ -	\$ 364,188
Maintenance	1,677,048	-	-	1,677,048
Audio/Visual	546,695	-	12,828	533,867
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>3,785,399</u>	<u>-</u>	<u>12,828</u>	<u>3,772,571</u>
Transportation	<u>23,060,032</u>	<u>1,105,000</u>	<u>150,789</u>	<u>24,014,243</u>
Schools:				
Archdale Elementary	4,144,204	-	1,372	4,142,832
Archdale-Trinity Middle	4,375,863	5,902	13,847	4,367,918
Braxton Craven	969,417	-	29,690	939,727
Coleridge	5,929,159	-	5,236	5,923,923
Early College High School	117,472	-	7,598	109,874
Eastern Randolph High	7,571,501	40,567	-	7,612,068
Farmer	5,468,037	-	-	5,468,037
Franklinville	2,086,026	7,480	-	2,093,506
Gray's Chapel	2,285,356	-	-	2,285,356
Hopewell Elementary	9,570,145	-	-	9,570,145
John Lawrence	4,424,531	5,438	-	4,429,969
Level Cross	7,949,224	11,770	-	7,960,994
Liberty	2,484,858	-	-	2,484,858
New Market	4,390,700	-	-	4,390,700
Northeast Middle	10,644,573	-	7,786	10,636,787
Providence Grove High School	33,299,700	58,530	28,790	33,329,440
Ramseur	3,114,376	13,701	-	3,128,077
Randleman Elementary	3,794,676	-	-	3,794,676
Randleman Middle	8,058,751	-	-	8,058,751
Randleman High	5,267,392	21,142	-	5,288,534
Seagrove	4,317,896	-	7,121	4,310,775
Southeastern Middle	5,973,184	-	-	5,973,184
Southmont Elementary	8,508,000	8,358	-	8,516,358
Southwestern High	6,937,093	-	37,305	6,899,788
Southwestern Middle	8,577,396	8,458	-	8,585,854
Tabernacle	7,154,963	-	-	7,154,963
Trindale Elementary	2,624,608	-	-	2,624,608
Trinity Elementary	4,672,987	28,063	51,659	4,649,391
Trinity High	6,917,190	-	-	6,917,190
Trinity Middle	-	-	-	-
Uwharrie Ridge 6 - 12	10,938,709	-	-	10,938,709
Wheatmore High School	38,141,763	40,250	20,875	38,161,138
	<u>230,709,750</u>	<u>249,659</u>	<u>211,279</u>	<u>230,748,130</u>
Construction in Progress	<u>12,164,364</u>	<u>22,277,484</u>	<u>-</u>	<u>34,441,848</u>
Total Governmental Fund Capital Assets	<u>\$ 269,719,545</u>	<u>\$ 23,632,143</u>	<u>\$ 374,896</u>	<u>\$ 292,976,792</u>

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

**REPORT ON FEDERAL AND STATE
FINANCIAL ASSISTANCE PROGRAMS**

YEAR ENDED JUNE 30, 2021

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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, 2021 [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 31, 2022.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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)**

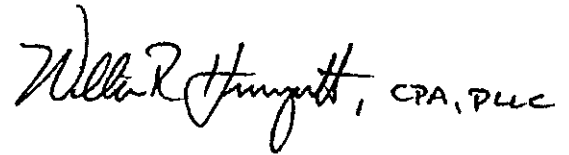
Internal Control Over Financial Reporting (Concluded)

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.

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 31, 2022



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, 2021. 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, 2021.

**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.

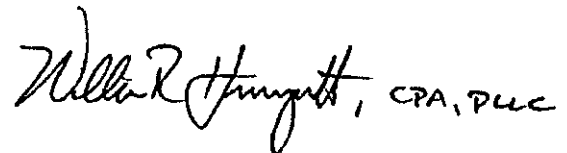
Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance

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, 2021, 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 31, 2022, 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.

January 31, 2022

A handwritten signature in black ink, reading "William R. Hunecutt, CPA, PLLC". The signature is written in a cursive, flowing style.

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



WILLIAM R. HUNEYCUTT

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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, 2021. 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, 2021.

**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 base on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

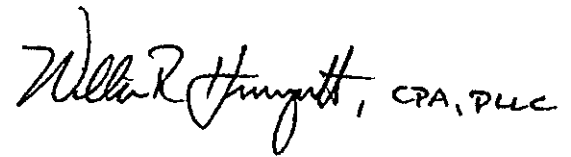
**Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance
and the State Single Audit Implementation Act**

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, 2021, 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 31, 2022, 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 31, 2022

A handwritten signature in black ink, reading "William R. Huneycutt, CPA, PLLC". The signature is written in a cursive, flowing style.

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, 2021

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	_____	yes	<u> X </u>	none reported
Noncompliance material to financial statements noted	_____	yes	<u> X </u>	no

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

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>
21.019	Coronavirus Relief Fund
84.010	Title I Grants to Local Education Agencies
84.425	CARES Act - K-12 Emergency Relief Fund
84.367	Supporting Effective Instruction State Grants

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, 2021

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

State Awards

Internal control over major state 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
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Noncompliance material to state awards	_____	yes	<u> X </u>	no
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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	<u> X </u>	no
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Identification of major state programs:

Program Name

State Public School Fund

Career and Technical Education: State Months of Employment

Bus Appropriations

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2021

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

None Reported.

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2021

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, 2021

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

None Reported.

BOARD OF EDUCATION OF RANDOLPH COUNTY

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021

None Reported.

BOARD OF EDUCATION OF RANDOLPH COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2021

2020-1:

Status: Corrected.

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2021

Grantor Pass-through Grantor Program Title	Federal CFDA Number	State/Pass-through Grantor's Number	Total Expenditures
Federal Grants:			
U.S. Department of Treasury:			
Passed through the Office of State Budget and Management:			
N.C. Pandemic Recovery Office			
Cash Assistance:			
Passed through the N.C. Department			
of Public Instruction:			
Coronavirus Relief Fund			
Summer Learning Program		PRC 121	\$ 472,067
Contracting Mental Health Professional		PRC 122	27,150
Nondigital Resources		PRC 123	27,653
Student Computers and Devices		PRC 124	306,715
School Nutrition		PRC 125	690,262
Personnel Computers and Devices		PRC 126	50,205
Home and Community WIFI		PRC 128	131,026
Services for Exceptional Children		PRC 132	241,910
Low Welath Supplement		PRC 134	1,263,789
Cybersecurity		PRC 135	37,560
Personal Protective Equipment		PRC 137	196,714
Total Coronavirus Relief Fund	21.019		<u>3,445,051</u>
Total U.S. Department of Treasury			<u>3,445,051</u>
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
Passed through the N.C. Department			
of Agriculture:			
National School Lunch Program	10.555	PRC 035	558,284
Cash Assistance:			
Passed through the N.C. Department			
of Public Instruction:			
National School Lunch Program	10.555	PRC 035	3,865,562
School Breakfast Program	10.553	PRC 035	1,581,904
Total Cash Assistance			<u>5,447,466</u>
Total Child Nutrition Cluster			<u>6,005,750</u>
Fresh Fruit and Vegetable Program	10.582	PRC 035	13,090
Total School Nutrition Program (Note 3)			<u>6,018,840</u>
Total U.S. Department of Agriculture			<u>6,018,840</u>
U.S. Department of Education:			
Cash Assistance:			
Office of Elementary and Secondary Education:			
Passed through the N.C. Department			
of Public Instruction:			
Title I Grants to Local Education Agencies	84.010	PRC 050	4,266,380
Supporting Effective Instruction State Grants	84.367	PRC 103	469,115
Title I Targeted Support and Improvement	84.010	PRC 115	18,082
Title IV Student Support & Academic Enrichment	84.424	PRC 108	303,593
CARES Act - K-12 Emergency Relief Fund	84.425	PRC 163	2,089,463
ESSERF Exceptional Children Grant	84.425	PRC 167	110,701
GEER Specialized Instructional Support Personnel	84.425	PRC 169	33,354
Office of English Language Acquisition:			
Passed through the N.C. Department			
of Public Instruction:			
Title III, English Language Acquisition	84.365	PRC 104, 111	<u>\$ 109,966</u>

BOARD OF EDUCATION OF RANDOLPH COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Concluded)

For the Year Ended June 30, 2021

Grantor Pass-through Grantor Program Title	Federal CFDA Number	State/Pass-through Grantor's Number	Total Expenditures
Federal Grants (Concluded):			
U.S. Department of Education (Concluded):			
Office of Special Education and Rehabilitation Services:			
Passed through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
Education of the Handicapped	84.027	PRC 060	\$ 2,609,077
Special Needs Targeted Assistance	84.027	PRC 118	11,404
Preschool Targeted Assistance	84.173	PRC 119	6,758
Preschool Handicapped	84.173	PRC 049	81,855
Special Ed State Improvement Grant	84.323A	PRC 082	20,376
Total Special Education Cluster			2,729,470
Career and Technical Education -			
Basic Grants to States			
Program Improvement	84.048	PRC 017	269,358
Total Career and Technical Education - Basic Grants to States			269,358
Total U.S. Department of Education			10,399,482
U.S. Department of Homeland Security:			
Passed through the N.C. Department of Public Instruction:			
Pubic Assistance Program	97.036	PRC 161	29,498
U.S. Department of Health and Human Services:			
Cash Assistance:			
Passed through the N.C. Department of Public Instruction:			
Title V State Abstinence Ed Program	93.235	PRC 101	14,920
U.S. Department of Defense:			
Direct Program:			
ROTC	12.000	PRC 301	315,343
Total Federal Assistance			20,223,134
State Grants:			
Cash Assistance:			
N.C. Department of Public Instruction:			
State Public School Fund			99,453,142
Driver Training - SPSF		PRC 012	288,057
School Technology Fund - SPSF		PRC 015	55,772
Career and Technical Education:			
State Months of Employment		PRC 013	5,222,006
Program Support Funds		PRC 014	301,678
Total N.C. Department of Public Instruction			105,320,655
N.C. Department of Health and Human Services:			
Passed through the Randolph County			
Partnership for Children:			
NC Pre-Kindergarten Program			800,279
Total N.C. Department of Health and Human Services			800,279
Noncash Assistance:			
N.C. Department of Public Instruction:			
Bus Appropriations		PRC 120	1,250,227
Total State Assistance			107,371,161
Total Federal and State Assistance			\$ 127,594,295

BOARD OF EDUCATION OF RANDOLPH COUNTY

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2021

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, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the 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