

**ASHEBORO CITY BOARD OF EDUCATION
ASHEBORO, NORTH CAROLINA**

**BASIC FINANCIAL STATEMENTS
AND SCHEDULES**

As of and for the Year Ended June 30, 2020

And Report of Independent Auditor

Board Members

Gidget Kidd, Chairman

Phillip Cheek, Vice Chairman

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Asheboro City Board of Education

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Report of Independent Auditor

Asheboro City Board of Education
Raleigh, North Carolina

Report on the Financial Statements

We 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 Asheboro City Board of Education (the "Board") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Board'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 Board's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our 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 as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Other Restricted Special Revenue 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 the Management's Discussion and Analysis and the other Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The individual fund financial schedules and the Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial schedules and Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 our opinion the individual fund financial schedules and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Board's internal control over financial reporting and compliance.

Cheryl Bekaert LLP

Raleigh, North Carolina
November 30, 2020

Management's Discussion and Analysis

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

Financial Highlights

- The Board continued to work diligently with the Randolph County Board of Commissioners in an effort to meet the financial needs of the school system.
- The Randolph County Board of Commissioners increased both Current Expense and Capital Outlay funding from the prior year.
- Construction continued on the \$20,500,000 addition and renovation project at Asheboro High School. The project began in November 2018 and is scheduled to be completed in September 2020.
- Student enrollment remained relatively constant from the previous year.
- The Randolph County Board of Commissioners voted to maintain a revenue neutral supplemental tax rate for the Board of 14.39% for 2019-20. Supplemental taxes remained constant over the prior year.

Overview of the Financial Statements

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

- *Report of Independent Auditor*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents combining and budgetary statements for non-major governmental funds and budgetary statements for 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 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 funds. 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 Board 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 the total of liabilities and deferred inflows of resources – is one way to measure the Board'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 Board'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 and child care are included here.

The government-wide statements are shown as Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide more 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, Other Restricted Fund, Capital Outlay Fund, and Individual Schools Fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

The Board 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 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, the Other Restricted Fund and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits C, D, and E 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. The Board has two proprietary funds – both enterprise funds - the School Food Service Fund and the Child Care Fund.

The proprietary fund statements are shown as Exhibits F, G, and H of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. For Governmental Activities, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$24,495,425 as of June 30, 2020.

Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 6,309,313	\$ 7,317,957	\$ 1,929,815	\$ 1,346,885	\$ 8,239,128	\$ 8,664,842
Capital assets	54,909,520	41,769,413	95,024	118,075	55,004,544	41,887,488
Total assets	<u>61,218,833</u>	<u>49,087,370</u>	<u>2,024,839</u>	<u>1,464,960</u>	<u>63,243,672</u>	<u>50,552,330</u>
Deferred outflows of resources	14,134,652	15,008,506	42,530	45,031	14,177,182	15,053,537
Current and other liabilities	3,373,990	4,188,090	133,302	56,928	3,507,292	4,245,018
Long-term liabilities	<u>72,402,608</u>	<u>67,193,721</u>	<u>216,275</u>	<u>200,779</u>	<u>72,618,883</u>	<u>67,394,500</u>
Total liabilities	<u>75,776,598</u>	<u>71,381,811</u>	<u>349,577</u>	<u>257,707</u>	<u>76,126,175</u>	<u>71,639,518</u>
Deferred inflows of resources	24,072,312	29,856,023	72,281	89,673	24,144,593	29,945,696
Net investment in capital assets	54,909,520	41,769,413	95,024	118,075	55,004,544	41,887,488
Restricted net position	2,291,546	1,613,404	218	153	2,291,764	1,613,557
Unrestricted net position	<u>(81,696,491)</u>	<u>(80,524,775)</u>	<u>1,550,269</u>	<u>1,044,383</u>	<u>(80,146,222)</u>	<u>(79,480,392)</u>
Total net position	<u>\$ (24,495,425)</u>	<u>\$ (37,141,958)</u>	<u>\$ 1,645,511</u>	<u>\$ 1,162,611</u>	<u>\$ (22,849,914)</u>	<u>\$ (35,979,347)</u>

Note that while net position increased during the year, it still remains in a large deficit, due to a significant increases in long-term liabilities over the last few years. The increases in long-term liabilities are attributable to increases in both pension and other postemployment benefit liabilities.

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		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,207,520	\$ 1,196,273	\$ 385,386	\$ 529,960	\$ 1,592,906	\$ 1,726,233
Operating grants and contributions	32,384,170	31,711,315	3,243,772	2,629,127	35,627,942	34,340,442
General revenues:						
State of North Carolina	2,530,051	2,513,259	-	-	2,530,051	2,513,259
Randolph County	20,498,699	12,180,580	-	-	20,498,699	12,180,580
Other revenues	3,660,797	3,720,838	4,007	5,199	3,664,804	3,726,037
Total revenues	60,281,237	51,322,265	3,633,165	3,164,286	63,914,402	54,486,551
Expenses:						
Governmental activities:						
Instructional programs	37,720,616	34,562,490	-	-	37,720,616	34,562,490
System-wide support services	7,922,337	8,302,574	-	-	7,922,337	8,302,574
Non-programmed charges	575,574	520,005	-	-	575,574	520,005
Depreciation	1,367,076	1,346,218	-	-	1,367,076	1,346,218
Business-type activities:						
School food service	-	-	3,044,724	2,903,397	3,044,724	2,903,397
Child care	-	-	154,642	136,091	154,642	136,091
Total expenses	47,585,603	44,731,287	3,199,366	3,039,488	50,784,969	47,770,775
Transfers in (out)	(49,101)	(49,812)	49,101	49,812	-	-
Change in net position	12,646,533	6,541,166	482,900	174,610	13,129,433	6,715,776
Net position, beginning	(37,141,958)	(43,683,124)	1,162,611	988,001	(35,979,347)	(42,695,123)
Net position, ending	\$(24,495,425)	\$(37,141,958)	\$ 1,645,511	\$ 1,162,611	\$(22,849,914)	\$(35,979,347)

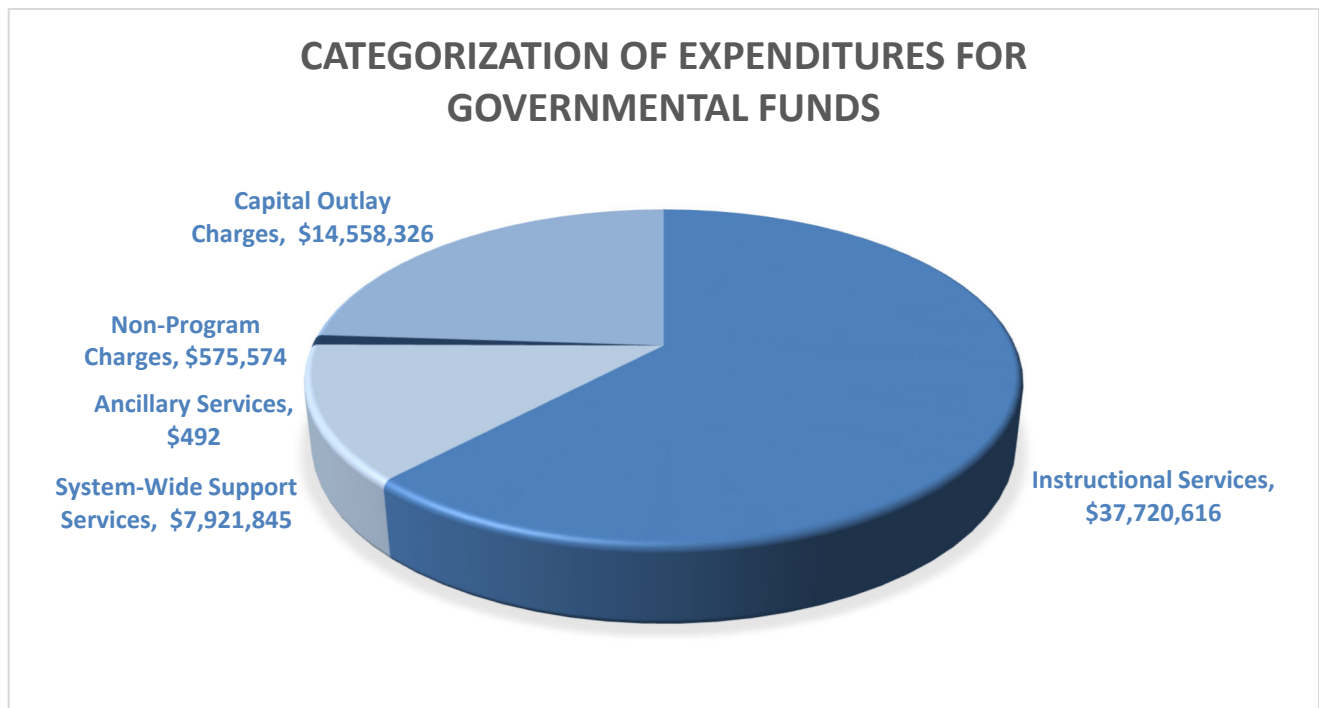
Total governmental activities generated revenues of \$60,281,237 while expenses in this category totaled \$47,585,603 for the year ended June 30, 2020. Comparatively, revenues were \$51,322,265 and expenses totaled \$44,731,287 for the year ended June 30, 2019. After transfers to the business-type activities, the increase in net position stands at \$12,646,533 at June 30, 2020, compared to an increase of \$6,541,166 in 2019. Instructional services expenses comprised 79% of total governmental-type expenses while system-wide support services made up 17% of those expenses for 2020. County funding comprised 34% of total governmental revenue. In 2019, county funding was 24%. Much of the remaining 66% of total governmental revenue consists of restricted State and federal money. This revenue represented 76% of total revenue in 2019. Business-type activities generated revenue of \$3,633,165 and had expenses of \$3,199,366 for the year ended June 30, 2020. Net position increased in the business-type activities by \$482,900 after transfers from the governmental activities of \$49,101, in 2020.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of the Board'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 \$4,964,520 a (\$185,679) decrease from last year. Expenditures increased and included over \$14.5 million in capital outlay expenditures.

Total governmental expenditures are categorized below and are reported on the full accrual basis of accounting:



Proprietary Funds: The Board's business-type funds performed well in the past year. Both the School Food Service Fund and the Child Care Fund reflected increases in net position over last year. Operating revenues and operating expenses both decreased while non-operating revenue increased. Non-operating revenue in the School Food Service Fund brought about most of the increase in net position due to increases in federal reimbursements.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue and expenditure expectations. The variances between budget and actual expenditures were related to vacancy and program savings.

Capital Assets

Capital assets increased by \$13,117,056 or 31% from the previous year.

The following is a summary of the capital assets, net of depreciation at year-end.

Table 3
Summary of Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,038,935	\$ 3,038,935	\$ -	\$ -	\$ 3,038,935	\$ 3,038,935
Construction in progress	18,457,116	6,906,626	-	-	18,457,116	6,906,626
Buildings	32,560,893	30,993,537	-	-	32,560,893	30,993,537
Land improvements	341,200	276,672	-	-	341,200	276,672
Furniture, equipment, and vehicles	511,376	553,643	95,024	118,075	606,400	671,718
Total	\$ 54,909,520	\$ 41,769,413	\$ 95,024	\$ 118,075	\$ 55,004,544	\$ 41,887,488

Debt Outstanding

During the year the Board's outstanding debt increased by \$183,373 excluding the net pension and other postemployment benefits liabilities. Long-term obligations are discussed in Note II.B.6. of the Basic Financial Statements. The County holds all debt issued for school capital construction.

Economic Factors

County funding is a major source of income for the Board; therefore the County's economic outlook has a direct effect on that of the school district. The following factors have affected the economic outlook of Randolph County.

As of June 2020, the County's unemployment rate of 7.6% is slightly less than the state average of 7.7%. Of the surrounding counties, Chatham (5.8%), and Davidson (7.3%), Montgomery (6.5%), and Moore (7.3%) all had a lower rates. Alamance (7.7%) and Guilford (9.3%), both had higher unemployment rates than Randolph County.

From July 2019 through June 2020, 150 jobs were lost due to plant closures and layoffs in our County, while 82 jobs were created.

During 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the revenue and operations for an indeterminable period of time. Other financial impacts could occur that are unknown at this time.

Requests for Information

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

Sandra Annette Spivey, CPA
Finance Officer
Asheboro City Board of Education
1126 S. Park St.
Asheboro, NC 27203

Asheboro City Board of Education
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,942,488	\$ 1,503,108	\$ 6,445,596
Accounts receivable, net	57,823	-	57,823
Due from other governments	1,246,458	289,462	1,535,920
Net OPEB asset	72,304	218	72,522
Internal balances	(9,760)	9,760	-
Inventories	-	127,267	127,267
Capital assets:			
Land and construction in progress	21,496,051	-	21,496,051
Other capital assets, net of depreciation	33,413,469	95,024	33,508,493
Total capital assets	54,909,520	95,024	55,004,544
Total assets	61,218,833	2,024,839	63,243,672
Deferred Outflows of Resources	14,134,652	42,530	14,177,182
Liabilities			
Accounts payable	201,864	108,254	310,118
Unearned revenue	-	23,997	23,997
Accrued salaries and benefits	970,927	-	970,927
Long-term liabilities:			
Net pension liability	19,614,354	59,020	19,673,374
Net OPEB liability	52,261,242	157,255	52,418,497
Due within one year	2,201,199	1,051	2,202,250
Due in more than one year	527,012	-	527,012
Total liabilities	75,776,598	349,577	76,126,175
Deferred Inflows of Resources	24,072,312	72,281	24,144,593
Net position			
Investment in capital assets	54,909,520	95,024	55,004,544
Restricted for:			
Stabilization by State Statute	221,693	-	221,693
School Capital Outlay	1,511,546	-	1,511,546
Individual Schools	267,043	-	267,043
Programs	218,960	-	218,960
DIPNC OPEB plan	72,304	218	72,522
Unrestricted	(81,696,491)	1,550,269	(80,146,222)
Total net position	\$ (24,495,425)	\$ 1,645,511	\$ (22,849,914)

See notes to financial statements.

Asheboro City Board of Education
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
Instructional programs							
Regular	\$ 22,188,149	\$ 286,714	\$ 17,451,229	\$ -	\$ (4,450,206)	\$ -	\$ (4,450,206)
Special Populations	6,287,716	-	5,601,463	-	(686,253)	-	(686,253)
Alternative Programs	3,193,064	-	2,102,811	-	(1,090,253)	-	(1,090,253)
Capital assets:	3,003,041	-	2,313,457	-	(689,584)	-	(689,584)
Co-curricular	236,030	920,806	-	-	684,776	-	684,776
School-based Support	2,812,616	-	1,889,752	-	(922,864)	-	(922,864)
System-wide Support Services							
Support and Development	236,464	-	180,513	-	(55,951)	-	(55,951)
Special Population	208,644	-	44,610	-	(164,034)	-	(164,034)
Alternative Programs	109,252	-	98,807	-	(10,445)	-	(10,445)
Technology Support	521,656	-	330,365	-	(191,291)	-	(191,291)
Operational Support	4,440,480	-	1,799,480	-	(2,641,000)	-	(2,641,000)
Financial and Human Resource	1,024,344	-	134,288	-	(890,056)	-	(890,056)
Accountability	195,867	-	17,327	-	(178,540)	-	(178,540)
System-wide Pupil Support	175,137	-	130,042	-	(45,095)	-	(45,095)
Policy, Leadership and Public Relations	1,010,001	-	207,489	-	(802,512)	-	(802,512)
Ancillary Services	492	-	-	-	(492)	-	(492)
Non-programmed Charges	575,574	-	82,537	-	(493,037)	-	(493,037)
Unallocated depreciation expense	1,367,076	-	-	-	(1,367,076)	-	(1,367,076)
Total governmental activities	47,585,603	1,207,520	32,384,170	-	(13,993,913)	-	(13,993,913)
Business-type activities							
School food service	3,044,724	220,260	3,243,772	-	-	419,308	419,308
Child care	154,642	165,126	-	-	-	10,484	10,484
Total business-type activities	3,199,366	385,386	3,243,772	-	-	429,792	429,792
Restricted for:							
Total primary government	\$ 50,784,969	\$ 1,592,906	\$ 35,627,942	\$ -	(13,993,913)	429,792	(13,564,121)
General revenues							
State of North Carolina					2,530,051	-	2,530,051
Randolph County					20,498,699	-	20,498,699
Other					3,660,040	1,222	3,661,262
Interest earned on investments					757	2,785	3,542
Transfers					(49,101)	49,101	-
Total general revenues and transfers					26,640,446	53,108	26,693,554
Change in net position					12,646,533	482,900	13,129,433
Net position - beginning					(37,141,958)	1,162,611	(35,979,347)
Net position - ending					\$ (24,495,425)	\$ 1,645,511	\$ (22,849,914)

See notes to financial statements.

Asheboro City Board of Education
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds						Total Governmental Funds
	General	State Public School Fund	Federal Grants Fund	Other Restricted Fund	Capital Outlay Fund	Individual Schools Fund	
Assets							
Cash and cash equivalents	\$ 2,842,746	\$ -	\$ -	\$ 8,893	\$ 1,811,546	\$ 279,303	\$ 4,942,488
Accounts receivable, net	57,823	-	-	-	-	-	57,823
Due from other governments	104,963	740,281	103,356	263,443	32,978	1,437	1,246,458
Due from other funds	11,578	-	-	11,015	-	-	22,593
Total Assets	\$ 3,017,110	\$ 740,281	\$ 103,356	\$ 283,351	\$ 1,844,524	\$ 280,740	\$ 6,269,362
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 177,835	\$ -	\$ -	\$ 357	\$ 23,237	\$ 435	\$ 201,864
Due to other funds	4,128	-	-	16,400	-	11,825	32,353
Accrued salaries, wages, and benefits	119,386	737,838	99,218	14,485	-	-	970,927
Total Liabilities	301,349	737,838	99,218	31,242	23,237	12,260	1,205,144
Deferred inflows of resources	48,790	2,443	4,138	33,149	9,741	1,437	99,698
Fund balances							
Restricted:							
Stabilization by State Statute	221,693	-	-	-	-	-	221,693
School Capital Outlay	-	-	-	-	1,511,546	-	1,511,546
Individual Schools	-	-	-	-	-	267,043	267,043
Programs	-	-	-	218,960	-	-	218,960
Assigned:							
Designated for subsequent year's expenditures	900,000	-	-	-	300,000	-	1,200,000
Unassigned:							
General fund	1,545,278	-	-	-	-	-	1,545,278
Total Fund Balances	2,666,971	-	-	218,960	1,811,546	267,043	4,964,520
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,017,110	\$ 740,281	\$ 103,356	\$ 283,351	\$ 1,844,524	\$ 280,740	\$ 6,269,362

See notes to financial statements.

Asheboro City Board of Education
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$	4,964,520
Net OPEB Asset		72,304
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		54,909,520
Deferred outflows of resources related to pensions		7,584,290
Deferred outflows of resources related to OPEB		6,550,362
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		48,790
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		(2,728,211)
Net pension liability		(19,614,354)
Net OPEB liability		(52,261,242)
Deferred inflows of resources related to pensions		(706,415)
Deferred inflows of resources related to OPEB		(23,314,989)
Net position of governmental activities	\$	<u>(24,495,425)</u>

Asheboro City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds						Total Governmental Funds
	General	State Public School Fund	Federal Grants Fund	Other Restricted Fund	Capital Outlay Fund	Individual Schools Fund	
Revenues							
State of North Carolina	\$ -	\$ 30,731,338	\$ -	\$ 730,444	\$ 11,806	\$ -	\$ 31,473,588
Randolph County	5,733,015	-	-	-	14,765,684	-	20,498,699
U.S. Government	-	-	3,139,192	313,247	-	-	3,452,439
Other	3,632,934	-	-	286,714	16,057	920,806	4,856,511
Total Revenues	<u>9,365,949</u>	<u>30,731,338</u>	<u>3,139,192</u>	<u>1,330,405</u>	<u>14,793,547</u>	<u>920,806</u>	<u>60,281,237</u>
Expenditures							
Current:							
Instructional Programs							
Regular	2,038,456	18,618,081	274,508	43,841	-	854,274	21,829,160
Special Populations	565,211	4,395,294	1,206,169	121,042	-	-	6,287,716
Alternative Programs	424,984	694,582	1,408,229	665,269	-	-	3,193,064
School Leadership	689,584	2,313,457	-	-	-	-	3,003,041
Co-curricular	221,335	-	-	-	-	-	221,335
School-based Support	742,335	1,769,520	120,232	180,529	-	-	2,812,616
System-wide Support Services							
Support and Development	55,951	180,513	-	-	-	-	236,464
Special Population	96,655	-	44,610	67,379	-	-	208,644
Alternative Programs	10,445	97,023	1,784	-	-	-	109,252
Technology Support	191,291	330,365	-	-	-	-	521,656
Operational Support	2,322,155	1,799,480	-	303,504	-	-	4,425,139
Financial and Human Resource	890,056	134,288	-	-	-	-	1,024,344
Accountability	178,540	17,327	-	-	-	-	195,867
System-wide Pupil Support	45,095	130,042	-	-	-	-	175,137
Policy, Leadership and Public Relations	802,512	207,489	-	-	-	-	1,010,001
Ancillary Services	492	-	-	-	-	-	492
Non-programmed Charges	493,037	(1,123)	83,660	-	-	-	575,574
Capital Outlay							
Real property and buildings	-	-	-	-	14,468,538	-	14,468,538
Furniture and equipment	-	-	-	-	89,982	-	89,982
Buses and motor vehicles	-	-	-	-	(194)	-	(194)
Total expenditures	<u>9,768,134</u>	<u>30,686,338</u>	<u>3,139,192</u>	<u>1,381,564</u>	<u>14,558,326</u>	<u>854,274</u>	<u>60,387,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(402,185)</u>	<u>45,000</u>	<u>-</u>	<u>(51,159)</u>	<u>235,221</u>	<u>66,532</u>	<u>(106,591)</u>
Other financing sources (uses)							
Transfers out	(4,101)	(45,000)	-	-	-	-	(49,101)
Total other financing sources (uses)	<u>(4,101)</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,101)</u>
Net change in fund balances	(406,286)	-	-	(51,159)	235,221	66,532	(155,692)
Fund balance - beginning	3,103,244	-	-	270,119	1,576,325	200,511	5,150,199
Decrease in reserve for inventory	(29,987)	-	-	-	-	-	(29,987)
Fund balance - ending	<u>\$ 2,666,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,960</u>	<u>\$ 1,811,546</u>	<u>\$ 267,043</u>	<u>\$ 4,964,520</u>

Asheboro City Board of Education
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$	(155,692)
Change in fund balance due to change in reserve for inventory		(29,987)
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 outlays exceeds depreciation in the current period.		13,140,107
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		3,477,606
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities		1,766,894
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax, vehicle tax, and E-Rate receivables		14,741
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		(6,549,594)
Net OPEB Expense		1,165,345
Compensated absences		(182,887)
Total changes in net position of governmental activities	\$	<u>12,646,533</u>

See notes to financial statements.

Asheboro City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Randolph County	\$ 5,730,285	\$ 5,730,285	\$ 5,733,015	\$ 2,730
Other	3,651,000	3,651,000	3,632,934	(18,066)
Total Revenues	<u>9,381,285</u>	<u>9,381,285</u>	<u>9,365,949</u>	<u>(15,336)</u>
Expenditures				
Instructional Programs				
Regular	1,882,911	2,043,911	2,038,456	5,455
Special Populations	350,710	565,710	565,211	499
Alternative Programs	444,300	444,300	424,984	19,316
School Leadership	597,103	690,103	689,584	519
Co-curricular	238,000	238,000	221,335	16,665
School-based Support	674,740	747,740	742,335	5,405
System-wide Support Services				
Support and Development	162,000	96,000	55,951	40,049
Special Population	140,400	140,400	96,655	43,745
Alternative Programs	102,200	102,200	10,445	91,755
Technology Support	461,577	286,577	191,291	95,286
Operational Support	2,584,854	2,371,354	2,322,155	49,199
Financial and Human Resource	748,652	894,652	890,056	4,596
Accountability	195,600	195,600	178,540	17,060
System-wide Pupil Support	192,100	98,100	45,095	53,005
Policy, Leadership and Public Relations	996,138	856,138	802,512	53,626
Ancillary Services	-	500	492	8
Non-programmed Charges	500,000	500,000	493,037	6,963
Total expenditures	<u>10,271,285</u>	<u>10,271,285</u>	<u>9,768,134</u>	<u>503,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(890,000)</u>	<u>(890,000)</u>	<u>(402,185)</u>	<u>487,815</u>
Other financing sources (uses)				
Transfers out	(10,000)	(10,000)	(4,101)	5,899
Appropriated fund balance	900,000	900,000	-	(900,000)
Total other financing sources (uses)	<u>890,000</u>	<u>890,000</u>	<u>(4,101)</u>	<u>(894,101)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(406,286)</u>	<u>\$ (406,286)</u>
Fund balance - beginning			3,103,244	
Decrease in reserve for inventory			<u>(29,987)</u>	
Fund balance - ending			<u>\$ 2,666,971</u>	

Asheboro City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Public School Fund
For the Year Ended June 30, 2020

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
State of North Carolina	\$ 31,953,744	\$ 33,165,778	\$ 30,731,338	\$ (2,434,440)
Total Revenues	<u>31,953,744</u>	<u>33,165,778</u>	<u>30,731,338</u>	<u>(2,434,440)</u>
Expenditures				
Instructional Programs				
Regular	18,997,553	19,337,754	18,618,081	719,673
Special Populations	4,497,653	4,585,688	4,395,294	190,394
Alternative Programs	824,992	777,520	694,582	82,938
School Leadership	2,756,402	2,750,676	2,313,457	437,219
School-based Support	2,090,574	2,206,342	1,769,520	436,822
System-wide Support Services				
Support and Development	127,862	243,586	180,513	63,073
Special Population	10,424	5,550	-	5,550
Alternative Programs	72,348	98,372	97,023	1,349
Technology Support	276,541	400,940	330,365	70,575
Operational Support	1,879,919	1,878,721	1,799,480	79,241
Financial and Human Resource	39,795	135,548	134,288	1,260
Accountability	-	17,327	17,327	-
System-wide Pupil Support	147,436	138,346	130,042	8,304
Policy, Leadership and Public Relations	187,245	230,106	207,489	22,617
Ancillary Services	-	312,802	-	312,802
Non-programmed Charges	-	1,500	(1,123)	2,623
Total expenditures	<u>31,908,744</u>	<u>33,120,778</u>	<u>30,686,338</u>	<u>2,434,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Other financing sources (uses)				
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources (uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ -</u>	

Asheboro City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Federal Grants Fund
For the Year Ended June 30, 2020

	Federal Grants Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
U.S. Government	\$ 3,755,972	\$ 4,961,652	\$ 3,139,192	\$ (1,822,460)
Total Revenues	<u>3,755,972</u>	<u>4,961,652</u>	<u>3,139,192</u>	<u>(1,822,460)</u>
Expenditures				
Instructional Programs				
Regular	265,695	1,417,296	274,508	1,142,788
Special Populations	1,381,315	1,396,389	1,206,169	190,220
Alternative Programs	1,580,684	1,518,495	1,408,229	110,266
School Leadership	2,000	-	-	-
School-based Support	200,299	310,683	120,232	190,451
System-wide Support Services				
Special Population	141,384	134,337	44,610	89,727
Alternative Programs	6,000	6,000	1,784	4,216
Operational Support	8,000	6,379	-	6,379
Non-programmed Charges	170,595	172,073	83,660	88,413
Total expenditures	<u>3,755,972</u>	<u>4,961,652</u>	<u>3,139,192</u>	<u>1,822,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ -</u>	

Asheboro City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Other Restricted Fund
For the Year Ended June 30, 2020

	Other Restricted Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
State of North Carolina	\$ 722,780	\$ 725,441	\$ 730,444	\$ 5,003
U.S. Government	305,000	305,000	313,247	8,247
Other	350,440	347,779	286,714	(61,065)
Total Revenues	<u>1,378,220</u>	<u>1,378,220</u>	<u>1,330,405</u>	<u>(47,815)</u>
Expenditures				
Instructional Programs				
Regular	80,440	77,779	43,841	33,938
Special Populations	336,895	284,085	121,042	163,043
Alternative Programs	657,780	665,271	665,269	2
School-based Support	175,000	196,250	180,529	15,721
System-wide Support Services				
Special Population	54,200	67,380	67,379	1
Operational Support	290,000	303,550	303,504	46
Total expenditures	<u>1,594,315</u>	<u>1,594,315</u>	<u>1,381,564</u>	<u>212,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(216,095)</u>	<u>(216,095)</u>	<u>(51,159)</u>	<u>164,936</u>
Other financing sources (uses)				
Appropriated fund balance	216,095	216,095	-	(216,095)
Total other financing sources (uses)	<u>216,095</u>	<u>216,095</u>	<u>-</u>	<u>(216,095)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(51,159)</u>	<u>\$ (51,159)</u>
Fund balance - beginning			<u>270,119</u>	
Fund balance - ending			<u>\$ 218,960</u>	

Asheboro City Board of Education
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Major</u>	<u>Nonmajor</u>	
	<u>School Food</u>	<u>Child</u>	
	<u>Service</u>	<u>Care</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,345,864	\$ 157,244	\$ 1,503,108
Due from other governments	289,462	-	289,462
Due from other funds	20,081	9,228	29,309
Net OPEB asset	218	-	218
Inventories	127,267	-	127,267
Total current assets	<u>1,782,892</u>	<u>166,472</u>	<u>1,949,364</u>
Noncurrent assets			
Capital assets (net of depreciation)	95,024	-	95,024
Total noncurrent assets	<u>95,024</u>	<u>-</u>	<u>95,024</u>
Total assets	<u>1,877,916</u>	<u>166,472</u>	<u>2,044,388</u>
Deferred outflows of resources	42,530	-	42,530
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	108,254	-	108,254
Due to other funds	19,549	-	19,549
Unearned revenue	23,997	-	23,997
Compensated absences payable	1,051	-	1,051
Total current liabilities	<u>152,851</u>	<u>-</u>	<u>152,851</u>
Noncurrent liabilities			
Net pension liability	59,020	-	59,020
Net OPEB liability	157,255	-	157,255
Total noncurrent liabilities	<u>216,275</u>	<u>-</u>	<u>216,275</u>
Deferred inflows of resources	72,281	-	72,281
Net position			
Investment in capital assets	95,024	-	95,024
DIPNC OPEB plan	218	-	218
Unrestricted	1,383,797	166,472	1,550,269
Total net position	<u>\$ 1,479,039</u>	<u>\$ 166,472</u>	<u>\$ 1,645,511</u>

See notes to financial statements.

Asheboro City Board of Education
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Major</u>	<u>Nonmajor</u>	
	<u>School Food</u>	<u>Child</u>	
	<u>Service</u>	<u>Care</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Operating revenues			
Food sales	\$ 220,260	\$ -	\$ 220,260
Child care fees	-	165,126	165,126
Total operating revenues	<u>220,260</u>	<u>165,126</u>	<u>385,386</u>
Operating expenses			
Food cost	1,235,808	-	1,235,808
Salaries and benefits	1,115,344	152,947	1,268,291
Indirect costs	148,182	-	148,182
Materials and supplies	101,379	1,695	103,074
Contracted services	386,816	-	386,816
Depreciation	23,051	-	23,051
Other	34,144	-	34,144
Total operating expenses	<u>3,044,724</u>	<u>154,642</u>	<u>3,199,366</u>
Operating Profit/(Loss)	<u>(2,824,464)</u>	<u>10,484</u>	<u>(2,813,980)</u>
Nonoperating revenue			
Federal reimbursements	3,049,170	-	3,049,170
Federal commodities	185,570	-	185,570
State reimbursements	9,032	-	9,032
Interest earned	2,785	-	2,785
Miscellaneous local revenue	1,222	-	1,222
Total nonoperating revenue	<u>3,247,779</u>	<u>-</u>	<u>3,247,779</u>
Profit/(Loss) before transfers	423,315	10,484	433,799
Transfers			
Transfers in	49,101	-	49,101
Total transfers	<u>49,101</u>	<u>-</u>	<u>49,101</u>
Change in net position	472,416	10,484	482,900
Total net position - beginning	<u>1,006,623</u>	<u>155,988</u>	<u>1,162,611</u>
Total net position - ending	<u>\$ 1,479,039</u>	<u>\$ 166,472</u>	<u>\$ 1,645,511</u>

See notes to financial statements.

Asheboro City Board of Education

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Major</u> <u>School Food</u> <u>Service</u> <u>Fund</u>	<u>Nonmajor</u> <u>Child</u> <u>Care</u> <u>Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 220,260	\$ 165,126	\$ 385,386
Cash paid for goods and services	(1,916,495)	(10,948)	(1,927,443)
Cash paid to employees for services	(1,114,858)	(152,947)	(1,267,805)
Net cash provided by (used in) operating activities	<u>(2,811,093)</u>	<u>1,231</u>	<u>(2,809,862)</u>
Cash flows from noncapital financing activities			
Federal reimbursements	3,049,170	-	3,049,170
State reimbursements	9,032	-	9,032
Miscellaneous local revenue	1,222	-	1,222
Transfers in	49,101	-	49,101
Net cash provided by noncapital financing activities	<u>3,108,525</u>	<u>-</u>	<u>3,108,525</u>
Cash flows from investing activities			
Interest on investments	2,785	-	2,785
Net cash provided by investing activities	<u>2,785</u>	<u>-</u>	<u>2,785</u>
Net increase (decrease) in cash and cash equivalents	300,217	1,231	301,448
Cash and cash equivalents, July 1	<u>1,045,647</u>	<u>156,013</u>	<u>1,201,660</u>
Cash and cash equivalents, June 30	<u>\$ 1,345,864</u>	<u>\$ 157,244</u>	<u>\$ 1,503,108</u>
Reconciliation of operating profit (loss) to net cash used in operating activities			
Operating profit (loss)	\$ (2,824,464)	\$ 10,484	\$ (2,813,980)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	23,051	-	23,051
Donated federal commodities consumed	185,570	-	185,570
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Decrease (Increase) in accounts receivable	614	-	614
Decrease (Increase) in due from other governments	(198,223)	-	(198,223)
Decrease (Increase) in due from other funds	(2,804)	(9,228)	(12,032)
Decrease (Increase) in net OPEB assets	(65)	-	(65)
Decrease (Increase) in inventories	(56,323)	-	(56,323)
Decrease (Increase) in deferred outflows	2,501	-	2,501
Increase (Decrease) in current liabilities	60,946	(25)	60,921
Increase (Decrease) in net pension liability	2,353	-	2,353
Increase (Decrease) in net OPEB liability	13,143	-	13,143
Increase (Decrease) in deferred inflows	(17,392)	-	(17,392)
Total adjustments	<u>13,371</u>	<u>(9,253)</u>	<u>4,118</u>
Net cash provided by (used in) operating activities	<u>\$ (2,811,093)</u>	<u>\$ 1,231</u>	<u>\$ (2,809,862)</u>

Noncash investing, capital, and financing activities:

The School Food Service Fund used donated commodities with a value of \$176,951 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of the donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit G.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Asheboro City Board of Education (the “Board”) 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 Board 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 Asheboro, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities present information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. 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 Board. 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 Board and for each function of the Board’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 Board’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 of which is 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The Board reports the following major governmental funds:

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

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

Federal Grants Fund. The Federal Grants Fund includes appropriations from the federal government that pass through the Department of Public Instruction for the current operating expenditures of the public school system.

Other Restricted Fund. The Other Restricted Fund includes appropriations from various sources not required to be recorded in other funds.

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

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund raising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs. The Individual Schools Fund is reported as a special revenue fund.

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service 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 Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could 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 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 Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred there is both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

D. Budgetary Data

The Board'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 Funds, as required by the North Carolina General Statutes. Per State law no budget is required for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move monies from one purpose to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. 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 Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

1. Deposits and Investments (Continued)

State law [G.S. 115C-443] authorizes the Board 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") is a SEC-registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a.7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

The 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. It 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.

The Board's investments are reported at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Inventories

Inventories of the Board are valued at cost and the Board uses the first-in, first-out ("FIFO") flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources; thus, an equivalent portion of fund balance is reserved. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

4. Capital Assets

Donated assets received prior to July 1, 2015 are recorded 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. Certain items acquired before July 1, 1950 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$2,000 with an estimated useful life of three or more years. 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 Board. 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 Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Land improvements and building improvements	20
Equipment and furniture	3-12
Vehicles and motorized equipment	6
Technology equipment	5

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation expense” on the Statement of Activities.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

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 Board has several items that meet this criterion – pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports 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 Board has several items that meet this criterion – sales tax refunds receivable in each of the Governmental Funds 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 Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2020 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences based on prior years’ records has been made.

The sick leave policy of the Board 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 Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

8. Net Position/Fund Balances

Net Position

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

Fund Balance

In the governmental fund financial statements, fund balance is composed of the following classifications designed to disclose the hierarchy of constraints 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.

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 fund raising activities for which they were collected.

Restricted for Programs – revenue sources restricted in purpose and not intended for general K-12 expenditures.

Assigned fund balance – portion of fund balance that the Board 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. The governing body approves the appropriation; however the budget ordinance authorizes the Superintendent to modify the appropriations by resource or appropriation within funds.

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

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

9. Reconciliation of Government-wide and Fund Financial Statements (Continued)

- (a) 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 total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$29,459,945) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Total Capital Assets	\$ 88,469,744
Less Accumulated Depreciation	(33,560,224)
Net Capital Assets	54,909,520
Accounts receivable recorded in the government-wide statements as these funds are not available and therefore unavailable in the fund statements.	48,790
Net OPEB Asset	72,304
Pension related deferred outflows of resources	7,584,290
OPEB related deferred outflows of resources	6,550,362
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:	
Compensated Absences	(2,728,211)
Net pension liability	(19,614,354)
Net OPEB liability	(52,261,242)
Deferred inflows of resources related to pensions	(706,415)
Deferred inflows of resources related to OPEB	(23,314,989)
	(29,459,945)
Total adjustment	\$ (29,459,945)

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

9. Reconciliation of Government-wide and Fund Financial Statements (Continued)

- (b) 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 balances 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 \$12,802,225 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 14,537,219
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.	(1,397,112)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,477,606
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	42,900
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	(6,549,594)
OPEB expense	2,889,339
Compensated absences	(182,887)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property, vehicle tax and E-Rate receivable	14,741
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(29,987)
Total adjustment	\$ 12,802,225

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

10. Defined Benefit Pension 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's 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 Board's employer contributions are recognized when due and the Board 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.

II. Detail Notes on all Funds

A. Assets

1. Deposits

All of the Board's deposits are insured or collateralized by using the Pooling Method. 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 Board, these deposits are considered to be held by the agent in the Board'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 the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board 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 Board has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$6,445,596. The bank balances with the financial institutions and the State Treasurer were \$7,227,050 and \$1,600,422, respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$8,327,472 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

A. Assets (Continued)

2. Accounts Receivable

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

	Due from other funds (Internal Balances)	Due from other Governments	Other
Governmental activities			
General Fund	\$ 7,450	\$ 104,963	\$ 57,823
Other governmental activities	(17,210)	1,141,495	-
Total	<u>\$ (9,760)</u>	<u>\$ 1,246,458</u>	<u>\$ 57,823</u>
Business-type activities			
School Food Service	\$ 9,760	\$ 289,462	\$ -
Total	<u>\$ 9,760</u>	<u>\$ 289,462</u>	<u>\$ -</u>

Internal balances consist of operating and administrative costs due to the General Fund from the Individual Schools Fund and School Food Service Fund and administrative costs due to the Other Restricted Fund from the School Food Service Fund.

Due from other governments consists of the following:

Governmental activities

General Fund	\$ 104,963	Miscellaneous revenues from State, Federal and County
State Public School Fund	740,281	Sales tax and operating revenue from State
Federal Grant Fund	103,356	Sales tax from State and operating revenue from Federal
Other Restricted Fund	263,443	Miscellaneous revenues from State, Federal, and Grants
Capital Outlay Fund	32,978	Sales tax refund from State and Federal reimbursement
Individual Schools Fund	1,437	Sales tax refund from State
Total	<u>\$ 1,246,458</u>	

Business-type activities

School Food Service Fund	<u>\$ 289,462</u>	Miscellaneous revenues from State and Federal
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Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

A. Assets (Continued)

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets not being depreciated				
Land	\$ 3,038,935	\$ -	\$ -	\$ 3,038,935
Construction in progress	6,906,626	11,645,908	(95,418)	18,457,116
Total capital assets not being depreciated	<u>9,945,561</u>	<u>11,645,908</u>	<u>(95,418)</u>	<u>21,496,051</u>
Capital assets being depreciated				
Buildings	57,638,340	2,793,003	-	60,431,343
Land improvements	1,423,983	98,520	-	1,522,503
Furniture, equipment and vehicles	4,924,641	95,206	-	5,019,847
Total capital assets being depreciated	<u>63,986,964</u>	<u>2,986,729</u>	<u>-</u>	<u>66,973,693</u>
Total capital assets	<u>73,932,525</u>	<u>14,632,637</u>	<u>(95,418)</u>	<u>88,469,744</u>
Less accumulated depreciation for				
Buildings	26,644,803	1,225,647	-	27,870,450
Land improvements	1,147,311	33,992	-	1,181,303
Furniture, equipment and vehicles	4,370,998	137,473	-	4,508,471
Total accumulated depreciation	<u>32,163,112</u>	<u>\$ 1,397,112</u>	<u>\$ -</u>	<u>33,560,224</u>
Total capital assets being depreciated, net	<u>31,823,852</u>			<u>33,413,469</u>
Governmental activity capital assets, net	<u>\$ 41,769,413</u>			<u>\$ 54,909,520</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 1,367,076
Co-curricular services	14,695
Operational support services	15,341
Total	<u>\$ 1,397,112</u>

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

A. Assets (Continued)

3. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities				
School Food Service Fund				
Capital assets being depreciated				
Equipment and vehicles	\$ 1,197,520	\$ -	\$ -	\$ 1,197,520
Total capital assets being depreciated	1,197,520	-	-	1,197,520
Less accumulated depreciation for				
Equipment and vehicles	1,079,445	23,051	-	1,102,496
Total accumulated depreciation	1,079,445	\$ 23,051	\$ -	1,102,496
Business-type activities capital assets, net	<u>\$ 118,075</u>			<u>\$ 95,024</u>

Construction Commitments

The Board has active construction projects as of June 30, 2020. The largest component of the construction commitments is a 40,000 square feet addition to Asheboro High School and renovations to the specific areas of the existing structure. The other project includes a building control project at Charles W. McCrary Elementary School. At year-end, the Board's commitments with contractors for school construction are as follows:

Project	Spent-to-date	Remaining Commitment
Asheboro High School	\$ 18,374,136	\$ 2,125,864
Charles W. McCrary Elementary	82,980	55,651
Total	<u>\$ 18,457,116</u>	<u>\$ 2,181,515</u>

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board 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 consists of 13 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 of Public Instruction, and the State Director of Human Resources, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

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

TSERS plan members who are Law Enforcement Officers (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 creditable 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. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2020, was 12.97% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$3,488,070 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Board reported a liability of \$19,673,374 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board'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 2019, the Board's proportion was .190% and .191% respectively.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

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

For the year ended June 30, 2020, the Board recognized pension expense of \$6,569,422. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,645,655	\$ 39,385
Changes of assumptions	2,096,275	-
Net difference between projected and actual earnings on pension plan investments	377,111	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	669,155
Board contributions subsequent to the measurement date	3,488,070	-
Total	<u>\$ 7,607,111</u>	<u>\$ 708,540</u>

\$3,488,070 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 2,530,592
2022	477,295
2023	270,693
2024	131,921
Total	<u>\$ 3,410,501</u>

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

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

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

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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 current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the experience study prepared as of 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 foregoing 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:

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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 7.00%. 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.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

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

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Board's proportionate share of the net pension liability (asset)	<u>\$37,443,904</u>	<u>\$19,673,374</u>	<u>\$4,766,165</u>

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

b. Other Postemployment Benefits

i. 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 General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 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.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

i. Healthcare Benefits (Continued)

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also 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 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 partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

i. Healthcare Benefits (Continued)

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 Board contributed 6.47% of covered payroll which amounted to \$1,740,001.

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

At June 30, 2020, Board reported a liability of \$52,418,497 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was .166% and .169%, respectively.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

i. Healthcare Benefits (Continued)

\$1,740,001 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 5,488,295
2022	5,488,295
2023	5,483,249
2024	2,434,510
2025	(277,621)
Total	<u><u>\$ 18,616,728</u></u>

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

Inflation	3.00%
Salary increases	Teachers: 7.55% grading down to 3.50%. Law Enforcement Officers: 8.10% grading down to 3.50%. General Employees: 5.50% grading down to 3.50%.
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Medical	6.50% grading down to 5.00% for non-MA and MA coverage
Prescription drug	9.50% grading down to 5.00% by 2028
Administrative costs	3.00%
Post-Retirement Mortality Rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

i. Healthcare Benefits (Continued)

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.50%. The projection of cash flow 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 current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower (2.50 percent) or 1-percentage point higher (4.50 percent) than the current health care cost trend rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 62,290,537	\$ 52,418,497	\$ 44,511,496

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District'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 percent) or 1-percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-6.25%, Administrative - 2.00%)	Healthcare Trend Rates (Medical -5.00-6.50%, Pharmacy - 5.00-7.25%, Administrative - 3.00%)	1% increase (Medical -6.00-7.50%, Pharmacy - 6.00-8.25%, Administrative - 4.00%)
Net OPEB liability	\$ 43,161,566	\$ 52,418,497	\$ 64,586,816

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

ii. 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 13 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. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent, and the Director of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide 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 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.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

ii. Disability Benefits (Continued)

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2020, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$26,893 for the year ended June 30, 2020.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as another postemployment benefit.

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

At June 30, 2020, Board reported an asset of \$72,522 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was .168% and .168%, respectively.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

ii. Disability Benefits (Continued)

\$26,893 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB asset in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 27,507
2022	20,867
2023	15,245
2024	9,527
2025	13,169
Thereafter	(1,555)
Total	\$ 84,760

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

Inflation	3.00%
Salary increases	3.5%-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

Discount rate. The discount rate used to measure the total OPEB liability for the DIPNC was 3.75%, no change from the prior year rate. The projection of cash flow 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 current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 61,424	\$ 72,522	\$ 83,305

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

ii. Disability Benefits (Continued)

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	<u>100%</u>	

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

ii. Disability Benefits (Continued)

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

Following is information related to the proportionate share and OPEB expense:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB Expense	\$ 1,241,064	\$ 66,897	\$ 1,307,961
OPEB Liability (Asset)	52,418,497	(72,522)	52,345,975
Proportionate share of the net OPEB liability (asset)	0.166%	0.168%	
Deferred Outflows of Resources			
Differences between expected and actual experience	-	74,087	74,087
Changes of assumptions	2,519,480	8,034	2,527,514
Net difference between projected and actual earnings on plan investments	34,907	13,814	48,721
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,151,006	1,850	2,152,856
Board contributions subsequent to the measurement date	1,740,001	26,893	1,766,894
Deferred Inflows of Resources			
Differences between expected and actual experience	2,642,553	-	2,642,553
Changes of assumptions	15,759,298	7,440	15,766,738
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,970,269	5,585	4,975,854

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

2. Accounts Payable and Accrued Salaries

Accounts payable and accrued salaries and wages at June 30, 2020 are as follows:

	Accounts Payable	Accrued Salaries and Benefits
Governmental activities		
General	\$ 177,835	\$ 119,386
Other governmental	24,029	851,541
Total-governmental activities	<u>\$ 201,864</u>	<u>\$ 970,927</u>
Business-type activities		
School Food Service	\$ 108,254	\$ -
Total business-type activities	<u>\$ 108,254</u>	<u>\$ -</u>

3. Deferred Inflows and Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sales tax refunds receivable (Other Restricted Fund)	\$ -	\$ 33,149
Sales tax refunds receivable (State Public School Fund)	-	2,443
Sales tax refunds receivable (Federal Grant Fund)	-	4,138
Sales tax refunds receivable (Capital Outlay Fund)	-	9,741
Sales tax refunds receivable (Individual Schools Fund)	-	1,437
Change in proportion and differences between Board contributions and proportionate share of contributions	2,152,856	5,645,009
Changes of assumptions	4,623,788	15,766,738
Net difference between projected and actual earnings on pension plan investments	425,832	-
Difference between expected and actual experience	1,719,742	2,681,938
Board contributions subsequent to the measurement date	5,254,964	-
	<u>\$ 14,177,182</u>	<u>\$ 24,144,593</u>

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

4. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board 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 Board 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 claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage.

The Trust provides workers' compensation coverage up to the statutory limits for employees to the extent they are paid from Federal and Local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

The Board 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. The Fund insures the tangible property assets of the Board. 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 Trust also provides auto coverage through the Automobile and Inland Marine Fund. Through the Trust, the Board maintains combined single limit bodily injury and physical damage coverage of \$1,000,000, uninsured/underinsured motorist coverage of \$1,000,000, auto medical payments coverage of \$2,000, and comprehensive and collision coverage of actual current value.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan (the 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 Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

B. Liabilities (Continued)

4. Risk Management (Continued)

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

The Board 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. Contingent Liabilities

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

6. Long-Term Obligations – Compensated Absences and Pension Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 2,545,324	\$ 2,384,086	\$ (2,201,199)	\$ 2,728,211	\$ 2,201,199
Net pension liability	18,910,678	703,676	-	19,614,354	-
Net OPEB liability	47,893,306	4,367,936	-	52,261,242	-
	<u>\$ 69,349,308</u>	<u>\$ 7,455,698</u>	<u>\$ (2,201,199)</u>	<u>\$ 74,603,807</u>	<u>\$ 2,201,199</u>
Business-type activities:					
Compensated absences	\$ 565	\$ 5,841	\$ (5,355)	\$ 1,051	\$ 1,051
Net pension liability	56,667	2,353	-	59,020	-
Net OPEB liability	144,112	13,143	-	157,255	-
	<u>\$ 201,344</u>	<u>\$ 21,337</u>	<u>\$ (5,355)</u>	<u>\$ 217,326</u>	<u>\$ 1,051</u>

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

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

II. Detail Notes on all Funds (Continued)

C. Interfund Balances and Activity

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

Description	Amount
From the General Fund to the School Food Service Fund for meal charges.	\$ 4,101
From the State Public School Fund to the School Food Service Fund for salary costs.	45,000
Total Transfers to other funds	<u><u>\$ 49,101</u></u>

D. Fund Balance

The Board of Education has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Board of Education funds, Board of Education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board.

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	\$ 2,666,971
Less:	
Stabilization by State Statute	221,693
Appropriated Fund Balance in 2021 budget	900,000
Remaining Fund Balance	<u><u>\$ 1,545,278</u></u>

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

<i>General Fund</i>	<i>Federal Fund</i>	<i>Capital Outlay Fund</i>
\$96,119	\$433,072	\$2,944,370

Asheboro City Board of Education
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

III. Summary Disclosure of Significant Contingencies

A. Federal and State Assisted Programs

The Board 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.

B. Economic Contingencies

During 2020, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the revenue and operations for an indeterminable period of time. Other financial impacts could occur that are unknown at this time.

IV. Subsequent Events

The Board has evaluated subsequent events through November 30, 2020, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Asheboro City Board of Education

Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Seven Fiscal Years *
June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (%)	0.190%	0.191%	0.196%	0.194%	0.206%	0.208%	0.204%
Board's proportionate share of the net pension liability	\$ 19,673,374	\$ 18,967,345	\$ 15,557,058	\$ 17,855,420	\$ 7,588,928	\$ 2,440,043	\$ 12,366,666
Board's covered-employee payroll	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272	\$ 25,205,875
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.97%	73.41%	60.21%	73.85%	29.95%	9.69%	49.06%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	92.01%	89.51%	87.32%	94.64%	98.24%	90.60%

(*) Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2023.

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Asheboro City Board of Education

**Schedules of Board Contributions
Teachers' and State Employees' Retirement System
Last Seven Fiscal Years
June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,488,070	\$ 3,313,332	\$ 2,785,196	\$ 2,526,360	\$ 2,212,253	\$ 2,318,673	\$ 2,186,176
Contributions in relation to the contractually required contribution	3,488,070	3,313,332	2,785,196	2,526,360	2,212,253	2,318,673	2,186,176
Contribution deficiency (excess)	\$ -	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272
Contributions as a percentage of covered-employee payroll	12.97%	12.29%	10.78%	9.98%	9.15%	9.15%	8.69%

Asheboro City Board of Education

Schedule of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund
Last Four Fiscal Years*
June 30, 2020

	2020	2019	2018	2017
Board's proportion of the net OPEB liability (asset)	0.166%	0.169%	0.181%	0.171%
Board's proportionate share of the net OPEB liability (asset)	\$ 52,418,497	\$ 48,037,418	\$ 59,406,863	\$ 74,274,206
Board's covered payroll	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199	\$ 24,177,624
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	194.43%	229.93%	293.35%	245.71%
Plan Fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Asheboro City Board of Education

**Schedule of Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years
June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,740,001	\$ 1,690,365	\$ 1,563,120	\$ 1,471,045	\$ 1,353,947	\$ 1,391,204	\$ 1,359,195	\$ 1,292,991	\$ 1,252,031	\$ 1,217,415
Contributions in relation to the contractually required contribution	1,740,001	1,690,365	1,563,120	1,471,045	1,353,947	1,391,204	1,359,195	1,292,991	1,252,031	1,217,415
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272	\$ 24,396,059	\$ 25,040,618	\$ 24,845,211
Contributions as a percentage of the covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%	5.49%	5.40%	5.30%	5.00%	4.90%

Asheboro City Board of Education

**Schedule of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Asset
Disability Income Plan of North Carolina
Last Four Fiscal Years*
June 30, 2020**

	2020	2019	2018	2017
Board's proportion of the net OPEB asset	0.168%	0.168%	0.175%	0.175%
Board's proportionate share of the net OPEB asset	\$ 72,522	\$ 51,108	\$ 106,691	\$ 108,750
Board's covered payroll	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199	\$ 24,177,624
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.26900%	0.19781%	0.42138%	0.44980%
Plan Fiduciary net position as a percentage of the total OPEB asset	113.00%	116.47%	116.23%	116.06%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Asheboro City Board of Education

Schedule of Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years
June 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 26,893	\$ 37,743	\$ 36,171	\$ 96,213	\$ 99,128	\$ 103,897	\$ 110,749	\$ 107,343	\$ 130,211	\$ 129,195
Contributions in relation to the contractually required contribution	26,893	37,743	36,171	96,213	99,128	103,897	110,749	107,343	130,211	129,195
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272	\$ 24,396,059	\$ 25,040,618	\$ 24,845,211
Contributions as a percentage of the covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%	0.41%	0.44%	0.44%	0.52%	0.52%

Asheboro City Board of Education

Detail Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - General Fund

For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Randolph County			
Appropriation	\$ 5,730,285	\$ 5,730,285	\$ -
Timber receipts	-	2,730	2,730
Total Randolph County	<u>5,730,285</u>	<u>5,733,015</u>	<u>2,730</u>
Other revenue			
Supplemental taxes - school district	3,300,000	3,361,921	61,921
Fines and forfeitures	325,000	244,377	(80,623)
Interest earned on investments	1,000	599	(401)
Other	25,000	26,037	1,037
Total other revenue	<u>3,651,000</u>	<u>3,632,934</u>	<u>(18,066)</u>
Total revenues	<u>9,381,285</u>	<u>9,365,949</u>	<u>(15,336)</u>
Expenditures			
Instructional Programs			
Regular	2,043,911	2,038,456	5,455
Special Populations	565,710	565,211	499
Alternative Programs	444,300	424,984	19,316
School Leadership	690,103	689,584	519
Co-curricular	238,000	221,335	16,665
School-based Support	747,740	742,335	5,405
Total instructional programs	<u>4,729,764</u>	<u>4,681,905</u>	<u>47,859</u>
System-wide support services			
Support and Development	96,000	55,951	40,049
Special Population	140,400	96,655	43,745
Alternative Programs	102,200	10,445	91,755
Technology Support	286,577	191,291	95,286
Operational Support	2,371,354	2,322,155	49,199
Financial and Human Resource	894,652	890,056	4,596
Accountability	195,600	178,540	17,060
System-wide Pupil Support	98,100	45,095	53,005
Policy, Leadership and Public Relations	856,138	802,512	53,626
Total support services	<u>5,041,021</u>	<u>4,592,700</u>	<u>448,321</u>

Asheboro City Board of Education

**Detail Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - General Fund**

For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures, continued			
Ancillary services	500	492	8
Non-programmed charges			
Payments to Other Governmental Units	\$ 500,000	\$ 493,037	\$ 6,963
Total non-programmed charges	500,000	493,037	6,963
Total expenditures	10,271,285	9,768,134	503,151
Revenue over (under) expenditures	(890,000)	(402,185)	487,815
Excess (deficiency) of revenues over (under) expenditures	(890,000)	(402,185)	487,815
Other financing sources			
Transfers out	(10,000)	(4,101)	5,899
Appropriated fund balance	900,000	-	900,000
Net change in fund balance	<u>\$ -</u>	(406,286)	<u>\$ (406,286)</u>
Fund balance at beginning of year, July 1		3,103,244	
Decrease in reserve for inventory		(29,987)	
Fund balance at end of year, June 30		<u>\$ 2,666,971</u>	

Asheboro City Board of Education

**Detail Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - Capital Outlay Fund**

For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues			
State of North Carolina			
Sales & Use Tax	\$ -	\$ 11,806	\$ 11,806
Total State of North Carolina	-	11,806	11,806
Randolph County			
Appropriations from county-issued installment purchase	16,200,392	13,794,972	(2,405,420)
Appropriation	970,712	970,712	-
Total Randolph County	17,171,104	14,765,684	(2,405,420)
Other revenue			
Interest	-	158	158
Other	-	15,899	15,899
Total Other	-	16,057	16,057
Total revenues	17,171,104	14,793,547	(2,377,557)
Expenditures			
Capital outlay			
Real property and buildings			
Central office		6,690	
Asheboro High School		11,593,000	
South Asheboro Middle School		600,225	
Charles W. McCrary		1,067,172	
Lindley Park		766,800	
North Asheboro Middle School		434,651	
Total real property and buildings	16,990,414	14,468,538	2,521,876

Asheboro City Board of Education

**Detail Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - Capital Outlay Fund**

For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures, continued			
Capital outlay, continued			
Furniture and equipment			
Central office		\$ 28,195	
Asheboro High School		29,054	
South Asheboro Middle School		107	
Balfour		1,004	
Donna Lee Loflin		6,992	
Guy B. Teachey		7,922	
Lindley Park		8,533	
North Asheboro Middle School		8,175	
Total furniture and equipment	<u>\$ 580,690</u>	<u>89,982</u>	<u>\$ 490,708</u>
Buses and motor vehicles			
Central office	<u>100,000</u>	<u>(194)</u>	<u>100,194</u>
Total expenditures	<u>17,671,104</u>	<u>14,558,326</u>	<u>3,112,778</u>
Excess (deficiency) of revenues over (under) expenditures	(500,000)	235,221	735,221
Other financing sources (uses)			
Appropriated fund balance	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Net change in fund balance	<u>\$ -</u>	<u>235,221</u>	<u>\$ 235,221</u>
Fund balance at beginning of year, July 1		<u>1,576,325</u>	
Fund balance at end of year, June 30		<u>\$ 1,811,546</u>	

Asheboro City Board of Education

**Detail Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual - Federal Grants Fund**

For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues			
U.S. Government	\$ 4,961,652	\$ 3,139,192	\$ (1,822,460)
Expenditures			
Instructional Programs			
Regular	1,417,296	274,508	1,142,788
Special Populations	1,396,389	1,206,169	190,220
Alternative Programs	1,518,495	1,408,229	110,266
School-based Support	310,683	120,232	190,451
Total instructional programs	<u>4,642,863</u>	<u>3,009,138</u>	<u>1,633,725</u>
System-wide Support Services			
Special Population	134,337	44,610	89,727
Alternative Programs	6,000	1,784	4,216
Operational Support	6,379	-	6,379
Total support services	<u>146,716</u>	<u>46,394</u>	<u>100,322</u>
Non-programmed charges	<u>172,073</u>	<u>83,660</u>	<u>88,413</u>
Total expenditures	<u>4,961,652</u>	<u>3,139,192</u>	<u>1,822,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year, July 1		<u>-</u>	
Fund balance at end of year, June 30		<u>\$ -</u>	

Asheboro City Board of Education

**Detail Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - Other Restricted Fund**

For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues			
State of North Carolina	\$ 725,441	\$ 730,444	\$ 5,003
U.S. Government	305,000	313,247	8,247
Other revenue			
Indirect cost	260,000	235,230	(24,770)
Tuition and fees	82,779	49,588	(33,191)
Rental of school property	5,000	1,896	(3,104)
Total other revenue	347,779	286,714	(61,065)
Total revenues	1,378,220	1,330,405	(47,815)
Expenditures			
Instructional Programs			
Regular	77,779	43,841	33,938
Special Populations	284,085	121,042	163,043
Alternative Programs	665,271	665,269	2
School-based Support	196,250	180,529	15,721
Total instructional programs	1,223,385	1,010,681	212,704
System-wide support services			
Special Population	67,380	67,379	1
Operational Support	303,550	303,504	46
Total support services	370,930	370,883	47

Asheboro City Board of Education

**Detail Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - Other Restricted Fund**

For the Year Ended June 30, 2020

	<u>2020</u>		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures, continued			
Total expenditures	<u>\$ 1,594,315</u>	<u>\$ 1,381,564</u>	<u>\$ 212,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(216,095)</u>	<u>(51,159)</u>	<u>164,936</u>
Other financing sources			
Appropriated fund balance	<u>216,095</u>	<u>-</u>	<u>(216,095)</u>
Total other financing sources	<u>216,095</u>	<u>-</u>	<u>(216,095)</u>
Net change in fund balance	<u>\$ -</u>	<u>(51,159)</u>	<u>\$ (51,159)</u>
Fund balance at beginning of year, July 1		<u>270,119</u>	
Fund balance at end of year, June 30		<u>\$ 218,960</u>	

Asheboro City Board of Education

**Detail Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP) - School Food Service Fund**

For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Operating revenues, food sales	\$ 535,000	\$ 196,263	\$ (338,737)
Operating expenditures			
Business support services			
Food cost		1,292,131	
Salaries and benefits		1,114,858	
Indirect costs		148,182	
Materials and supplies		101,379	
Contracted services		386,816	
Other		34,144	
Total operating expenditures	3,725,000	3,077,510	647,490
Operating income (loss)	(3,190,000)	(2,881,247)	308,753
Nonoperating revenues			
Federal reimbursements	2,908,000	3,049,170	141,170
Federal commodities	200,000	185,570	(14,430)
State reimbursements	15,000	9,032	(5,968)
Interest earned	5,000	2,785	(2,215)
Miscellaneous local revenue	17,000	1,222	(15,778)
Total nonoperating revenues	3,145,000	3,247,779	102,779
Excess of revenues over (under) expenditures before other financing sources	(45,000)	366,532	411,532
Other financing sources			
Transfers in	45,000	49,101	4,101
Excess of revenues and other sources over expenditures	\$ -	415,633	\$ 415,633
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items			
Depreciation		(23,051)	
Increase (Decrease) in accrued vacation pay		(486)	
Increase (Decrease) in OPEB asset		65	
Increase (Decrease) in inventory		56,323	
Decrease (Increase) in Net pension liability		(2,353)	
Decrease (Increase) in net OPEB liability		(13,143)	
Decrease (Increase) Deferred outflows - pension		(2,501)	
Decrease (Increase) Deferred inflows - pension		17,392	
Unearned revenue		23,997	
Pension/OPEB expense		540	
Change in net position (full accrual)		\$ 472,416	

Asheboro City Board of Education

Detail Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP) - Child Care Fund

For the Year Ended June 30, 2020

	<u>2020</u>		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Revenues			
Child care fees	<u>\$ 240,000</u>	<u>\$ 165,126</u>	<u>\$ (74,874)</u>
Expenditures			
Current			
Salaries and benefits		152,947	
Materials and supplies		1,695	
Total expenditures	<u>240,000</u>	<u>154,642</u>	<u>85,358</u>
Excess of revenues over expenditures before other financing sources	<u>-</u>	<u>10,484</u>	<u>10,484</u>
Excess of revenues and other sources over expenditures	<u><u>\$ -</u></u>	<u>10,484</u>	<u><u>\$ 10,484</u></u>
Change in net position		<u><u>\$ 10,484</u></u>	

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Asheboro City Board of Education
Asheboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheboro City Board of Education (the "Board") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board's 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.

Our 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Chemy Bekaert LLP

Raleigh, North Carolina
November 30, 2020

Report of Independent Auditor on Compliance for Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

Asheboro City Board of Education
Asheboro, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Asheboro City Board of Education (the "Board"), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2020. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Cheryl Bekaert LLP

Raleigh, North Carolina
November 30, 2020

Report of Independent Auditor on Compliance for Each Major State Program and Internal Control over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Asheboro City Board of Education
Asheboro, North Carolina

Report on Compliance for Each Major State Program

We have audited the Asheboro City Board of Education (the “Board”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board’s major State programs for the year ended June 30, 2020. The Board’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Board’s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) as described in the *Audit Manual for Governmental Auditors in North Carolina* and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance and the *State Single Audit Implementation Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Board’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Board’s compliance.

Opinion on Each Major State Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Cheryl Bekaert LLP

Raleigh, North Carolina
November 30, 2020

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements are prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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 no

Identification of major federal programs:

CFDA #

Name of Federal Program or Cluster

84.027A
84.173A
84.010

Special Education Cluster (IDEA)
Grants to States (IDEA VI, Part B)
Preschool Grants (IDEA Preschool)
Title 1 Grants to Local Educational Agencies

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Section I - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish
between Type A and Type B Programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
- Significant Deficiency(s) identified that are
not considered to be material weaknesses? yes none reported

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 no

Identification of major state programs:

Program Name

State Public School Fund
NC Pre-Kindergarten Program

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

ASHEBORO CITY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2020

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Section IV – State Award Findings and Questioned Costs

None reported

Asheboro City Board of Education
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
School Nutrition Program			
 <u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities):			
Passed-through N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ 185,570
<i>Total Non-cash Assistance</i>			<u>185,570</u>
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	545,178
National School Lunch Program	10.555	PRC 035	1,205,194
Summer Food Service Program for Children	10.559	PRC 035	1,298,798
<i>Total Cash Assistance</i>			<u>3,049,170</u>
Total Child Nutrition Cluster			<u>3,234,740</u>
Total U. S. Department of Agriculture			<u>3,234,740</u>
 <u>U.S. Department of Education</u>			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010A	PRC 050	1,388,245
ESEA Title 1 - Targeted Assistance and Improvement	84.010A	PRC 115	57,872
Total Title I Grants to Local Educational Agencies (Title I)			<u>1,446,117</u>
 <u>Special Education Cluster (IDEA):</u>			
Special Education - Grants to States (IDEA VI, Part B) -			
- Education of the Handicapped	84.027A	PRC 060	1,167,177
- Special Needs Targeted Assistance	84.027A	PRC 118	19,066
Special Education - Preschool Grants (IDEA Preschool) -			
- Preschool Targeted Assistance	84.173A	PRC 119	5,252
- Preschool Handicapped	84.173A	PRC 049	35,664
Total Special Education Cluster (IDEA)			<u>1,227,159</u>
Special Education - State Personnel Development	84.323A	PRC 082	4,927
Career and Technical Education - Federal: Capacity Building Grants	84.048A	PRC 058	4,209
Career and Technical Education - Federal: Program Improvement	84.048A	PRC 017	73,452
Total Career and Technical Education -- Basic Grants to States			<u>77,661</u>
English Language Acquisition State Grants	84.365A	PRC 104	74,381
Supporting Effective Instruction State Grants	84.367A	PRC 103	176,359
Student Support and Academic Enrichment, Title IV, Part A	84.424A	PRC 108	91,460
COVID- 19 Education Stabilization Fund - K12 Emergency Relief Fund	84.425	PRC 163	44,128
Total U. S. Department of Education			<u>3,142,192</u>
 <u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.XXX	PRC 301	24,301
Total federal assistance			<u>6,401,233</u>

Asheboro City Board of Education
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State COVID-19 Supplement Funds		PRC 154	\$ 178,446
State Public School Fund			28,692,532
Driver Training - SPSF		PRC 012	40,640
School Technology Fund - SPSF		PRC 015	171,236
Vocational Education			
- State Months of Employment		PRC 013	1,503,794
- Program Support Funds		PRC 014	144,690
Reduced-Price Breakfast		PRC 035	9,032
Total N.C. Department of Public Instruction			<u>30,740,370</u>
<u>N.C. Department of Health and Human Services:</u>			
Division of Child Development and Early Education:			
Smart Start		PRC 401	58,500
NC Pre-Kindergarten Program		PRC 413	541,941
Total Division of Child Development and Early Education:			<u>600,441</u>
Division of Public Health			
School Nurse Funding Initiative		PRC 615	100,000
Total N.C. Department of Health and Human Services			<u>700,441</u>
Noncash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
Textbooks		PRC 130	354,679
Total State assistance			<u>31,795,490</u>
Total federal and State assistance			<u>\$ 38,196,723</u>

Notes to the Schedule of Expenditures of Federal and State Financial 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 Asheboro City Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US 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 Asheboro City Board of Education, it is not intended to and does not present the financial position, changes in net position, or cash flows of Asheboro City Board of Education.

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 and the State Single Audit Implementation Act wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

Note 5: Disclosure of Sub-recipients

The Asheboro City Board of Education did not have any sub-recipients.