

Union County Board of Education

Monroe, North Carolina



'20

Comprehensive Annual Financial Report

For the Fiscal Year ended June 30, 2020



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Union County Board of Education
Monroe, North Carolina
Comprehensive Annual
Financial Report
For the Year Ended June 30, 2020

Board Members

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Kathy Heintel, Vice-Chair

Todd Price
Candice Sturdivant
Christina Helms
Matt Helms

Joseph Morreale
Rev. Jimmy H. Bention, Sr.
Gary Sides

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Bashawn Harris, Ed.D.

Mark Strickland

Tahira Stalberte

Jarrold McCraw

Brad Breedlove, Ed.D.
James Parker
Shanna McLamb
Michele Morris, JD

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Asst. Superintendent of Human
Resources
Asst. Superintendent of
Administration & Operations
Asst. Superintendent of
Communications & Community
Relations
Asst. Superintendent of Student
Support
Chief Academic Officer
Chief Technology Officer
Chief Finance Officer
General Counsel

Prepared by Shanna McLamb
and the Finance Department

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Introductory Section

Finance Department

Letter of Transmittal

December 18, 2020

To the members of the Union County Board of Education and the citizens of Union County, North Carolina.

In compliance with the Public School Laws of North Carolina, The Comprehensive Annual Financial Report (CAFR) of the Union County Board of Education, operating as the “Union County Public Schools”, for the fiscal year ended June 30, 2020, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Superintendent and the Chief Finance Officer.

The accompanying financial report has been prepared in accordance with generally accepted accounting principles. We believe the data presented is accurate in all material respects and is presented in a manner designed to reflect fairly the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain maximum understanding of the Board’s financial activity have been included.

The report consists of three sections: Introductory, Financial and Statistical. The Introductory Section, of which the transmittal letter is a part, includes a list of Board members, principal officials and the organizational chart. The Financial Section includes the independent auditors’ report, notes to the financial statements, the combining and individual fund statements and schedules arranged by fund type. It also includes the Management’s Discussion and Analysis (MD&A) of the Board’s financial performance which is a narrative introduction overview and analysis to accompany the basic financial statements. The Statistical Section includes several tables of unaudited data providing financial history of the Board, as well as demographics and other informative reports

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Union County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement for Excellence in Financial Reporting program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for fiscal year ended June 30, 2020.

This letter of transmittal is designed to complement Management’s Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The Union County Board of Education, elected by the citizens of Union County, is the level of government having oversight responsibility and control over activities related to public school education in Union County, North Carolina. N. C. General Statutes empower the Union County Board of Education with general control and supervision of all matters pertaining to the schools in the system. The Board has no tax levying or borrowing authority and is required to maintain accounting records in a Uniform State format. The Board consists of nine members elected for staggered terms of four years. The Chair and Vice Chair are elected by a majority vote of the Board each year. The Superintendent serves as secretary to the Board.

For the 2019-2020 school year, the school system served students from pre-kindergarten to 12th grade in 1 pre-kindergarten school, 30 elementary schools, 9 middle schools, 10 high schools, 1 alternative school and 1 early college. Additionally, local funds were transferred to 21 area charter schools serving 3,880 county resident students and 2 virtual schools serving 135 county resident students. The school system receives local, state and federal government funding and must comply with the legal requirements of each funding source entity. While the Board does receive county funding, the County is not entitled to share in any surplus nor is it required to finance any deficits.

ECONOMIC CONDITIONS AND FUTURE OUTLOOK

Union County's growth rate has remained steady for the past few years, making Union County the 8th largest county in the state and one of the ten fastest growing counties in the state since 2010. Union County continues to experience growth in population with the estimated population in FY 2019 at just over 237,000 and is expected to grow to approximately 250,000 by 2021. Union County shares a mix of country charm and proximity to urban convenience. The County's diverse economic base and the interdependence of the Charlotte-Gastonia-Concord metropolitan statistical area are major factors that have contributed to the County's growth during the previous decade. For fiscal year 2019, 3,348 residential construction permits were issued county-wide compared to fiscal year 2018 of 3,778.

Union County Public Schools is the sixth largest public-school system in North Carolina. UCPS serves approximately 41,500 students at 53 schools and employs more than 5,000 staff members. According to the most recent data released by the N.C. Department of Public Instruction, 70 percent of schools earned an A or B school performance grade. Three schools received recognition as National Blue Ribbon Schools of Excellence and two schools were designated as Leader in Me Lighthouse Schools.

With a five-year graduation rate of 93 percent, UCPS continues to top high school graduation rankings among the 10 largest school systems in North Carolina with 9 high schools earning a cohort graduation rate over 90%.

Although it is anticipated the county will experience minimal growth, maintenance of existing infrastructure and facilities will become an even greater challenge. State law provides for and funds the operating costs of a sound, basic education program which is supplemented by the county and federal governments. The building of public-school facilities has been a joint state and county effort. Local financial support is provided by the county for capital and operating expenses.

With diversity of ethnicity, comes a challenge for the schools to teach children who may have a limited background with English. About 13 percent of the population speak a language other than English in their home in Union County, mainly Spanish and Russian. Union County has a higher number of Russian speakers compared to most other counties.

UCPS offers a wide variety of coursework to its students, ranging from 20 dual language programs to STEM (science, technology, engineering and math) and sustainability/agriculture programs.

UCPS students have access to a variety of academic options, including the Benton Heights Elementary School of the Arts, the International Baccalaureate Program at Marvin Ridge High School, Union County Early College, Central

Academy of Technology and Arts, Health Sciences Academy at Monroe Middle and the AgTech Academy at East Union Middle School. Each high school offers a minimum of 11 AP courses.

Additionally, the districtwide Career Readiness department offers more than 20 career academy pathways in programs that include aerospace, welding and engineering, culinary arts, pharmacy tech and more. 6,819 credentials were earned in 20+ Career Readiness pathways this year.

With a long-term goal of ensuring all students are equipped to succeed in college, career and life, UCPS is committed and dedicated to offering quality instruction for all children in support of our mission of “Preparing All Students to Succeed.”

MAJOR INITIATIVES

UCPS is committed to providing each student with a high-quality education and a safe school environment. Union County Board of Education is committed to the forward movement and expansion in academic programming, college and career readiness, equity, human capital development and continuous organizational improvement.

Union County Public Schools maintains a 5-year Strategic Plan to address five main goals or areas of focus:

- Goal 1: Expand opportunities and support all levels for college and career readiness.
- Goal 2: Enhance academic programs to meet the needs of all students.
- Goal 3: Engage parents and community.
- Goal 4: Support and develop UCPS employees.
- Goal 5: Foster positive learning experiences for all students.

Each initiative owner develops plans to ensure UCPS meets the 5 areas of focus to accomplish the long-term outcomes of ensuring all students are equipped to succeed in college, career and life and reduce gaps in student achievement. Our students deserve the best. We must continue to push forward and ensure that all students are equipped with the tools they need to be successful.

FINANCIAL SYSTEM AND BUDGETARY CONTROLS

To meet the financial challenges facing public education, local boards of education must use a variety of funding sources including local, state, federal and private grants while complying with legal requirements of each funding source. In doing so, the Board is unable to summarize all governmental financial transactions and balances in one accounting entity. Instead, the accounting system is divided into separate entities; each referred to as a “Fund”.

Each individual fund accounting entity records their operations under a set of self-balancing accounts comprising of assets, liabilities, fund equity, revenues and expenditures or expenses as appropriated.

The Board’s funds are divided into governmental and proprietary. Each fund is considered a separate accounting entity, to record allocation of and account for governmental resources for which they are spent and controlled. The governmental fund types include the general fund, special revenue fund and capital fund. The enterprise funds are presented as proprietary fund types. All governmental fund types are accounted for and reported on the modified accrual basis of accounting in accordance with G.S. 115C-440(b). The enterprise funds are proprietary and are presented on a full accrual basis.

North Carolina General Statutes requires all governmental units in the state to adopt a balanced budget by July 1st of each year. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). The Board’s annual Budget Resolution authorizes expenditures by purpose and on a modified accrual basis. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amounts reflected in the accompanying financial statements represent the final budgets as amended for the fiscal year. The Board also uses a purchase order encumbrance system

In compliance with federal law, UCPS administers all educational programs, employment activities and admissions without discrimination against any person on the basis of gender, race, color, religion, national origin, age or disability.

that records and shows encumbrances outstanding against each line item of expenditures. Outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are transferred at the end of the fiscal year to appropriations in future years.

Internal accounting controls are a primary consideration in developing and improving the Board's accounting system. Internal controls are designed to provide reliability of financial records for preparing financial statements and maintaining accountability for assets and are to provide reasonable assurance regarding the safeguarding of assets from unauthorized use or disposition. The concept of reasonable assurance recognizes that the cost and benefits require estimates and judgments by management.

We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

INDEPENDENT AUDIT

The State statutes require an annual audit by independent certified public accountants and the Board has selected the firm of Anderson Smith & Wike, PLLC to audit the financial records and transactions for the year ending June 30, 2020. In addition to meeting the requirements set forth in North Carolina State Statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984, as amended, the related audit requirements of Title II U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated efforts of the finance staff and the Board's independent certified public accounting firm, Anderson Smith & Wike, PLLC. We would like to express our appreciation to all employees who assisted in the timely closing of the Union County Board of Education's fiscal records as well as the preparation of this report.

We would also like to express our appreciation to the members of The Board of Education for their continued support in planning and conducting the financial affairs of the school system in a professional and responsible manner and their continuous commitment of providing a quality education to all Union County Public School students.

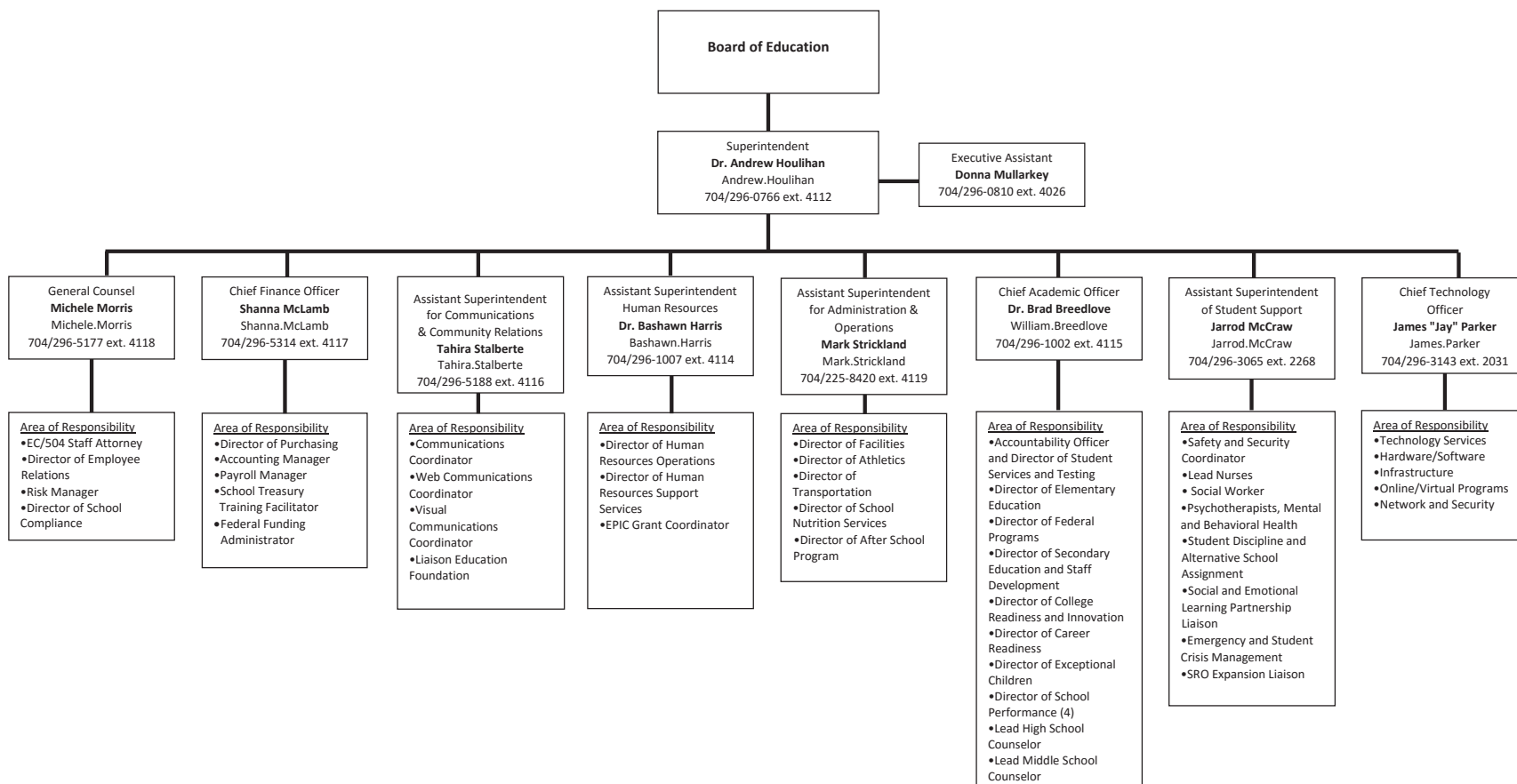
Respectfully submitted,



Dr. Andrew G. Houlihan, Ed.D.
Superintendent



Shanna McLamb
Chief Financial Officer





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Union County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Financial Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Union County Board of Education
Monroe, 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 Union County Board of Education, as of and for the year ended June 30, 2020 and the related notes to the basic 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Union County Board of Education as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Schedule of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 51 through 56, respectively, 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 Union County Board of Education's basic financial statements. The introductory section, individual nonmajor fund schedules, budgetary schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 budgetary schedules and the accompanying 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of the Union County Board of Education'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 Union County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 20, 2020
West End, North Carolina
(910) 603-0508

UNION COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Union County 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.

Impact of Coronavirus on School

During the fiscal year, the state and nation were affected by the spread of a coronavirus. The Board's response to the coronavirus included the closure of school educational facilities in mid-March. From this time until the end of the year, educational services were provided remotely to all students. The Board incurred additional expenses as a result of the coronavirus including: purchase of personal protective equipment, digital learning supplies and delivery expenses attributable to the delivery of lunches to students when the educational facilities were closed.

Financial Highlights

- For the fiscal year ended June 30, 2020, the Board's total district-wide net position increased by \$16.5 million. Governmental activities net position increased by \$18.1 million, and business-type activities net position decreased by \$1.5 million.
- The Board experienced an increase in student enrollment of 193 students from 41,201 students to 41,394 students.
- The Board is renovating existing schools primarily financed with County capital outlay appropriations to deal with obsolescence and the escalating age of some of our schools. Enrollment has increased over 3,000 students since our last schools were opened in 2009-2010.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (assets) and the Schedules of Board Contributions.*
- *Supplemental section that presents budgetary schedules for governmental and enterprise funds.*

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

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements

UNION COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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 funds are 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, 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 each of the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Board's assets 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 is the difference between the Board's assets and liabilities. This is one way to measure the unit's financial health or position.

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

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

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

The government-wide statements are shown as Exhibits 1 and 2 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 - not the unit as a whole. 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 to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

Union County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) 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

**UNION COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

district-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between them. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Other Special Revenue fund, the Capital Outlay Fund and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 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. Union County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the After School Program Fund.

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$21.5 million as of June 30, 2020 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$38.1 million as of June 30, 2019, an increase of \$16.5 million. The largest component of net position is net investment in capital assets of \$636.4 million, while restricted and unrestricted net position have a combined balance of negative \$657.9 million.

Following is a summary of the Statement of Net Position as of June 30, 2020 and 2019:

**Table 1
Condensed Statement of Net Position
As of June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Current assets	\$ 44,773,052	\$ 45,579,546	\$ 6,099,025	\$ 7,195,198	\$ 50,872,077	\$ 52,774,744
Capital assets	643,301,053	623,024,913	1,353,447	1,715,381	644,654,500	624,740,294
Total assets	<u>688,074,105</u>	<u>668,604,459</u>	<u>7,452,472</u>	<u>8,910,579</u>	<u>695,526,577</u>	<u>677,515,038</u>
Deferred outflows of resources	<u>111,822,583</u>	<u>116,029,979</u>	<u>2,839,140</u>	<u>2,984,647</u>	<u>114,661,723</u>	<u>119,014,626</u>
Current liabilities	36,011,137	39,415,136	1,170,398	991,843	37,181,535	40,406,979
Long-term liabilities	<u>597,563,271</u>	<u>550,253,387</u>	<u>14,992,105</u>	<u>13,967,241</u>	<u>612,555,376</u>	<u>564,220,628</u>
Total liabilities	<u>633,574,408</u>	<u>589,668,523</u>	<u>16,162,503</u>	<u>14,959,084</u>	<u>649,736,911</u>	<u>604,627,607</u>
Deferred inflows of resources	<u>177,472,277</u>	<u>224,202,531</u>	<u>4,505,963</u>	<u>5,767,180</u>	<u>181,978,240</u>	<u>229,969,711</u>
Net investment in						
capital assets	635,033,673	616,289,064	1,353,447	1,715,381	636,387,120	618,004,445
Restricted net position	17,194,566	18,226,389	39,911	46,315	17,234,477	18,272,704
Unrestricted net position (deficit)	<u>(663,378,236)</u>	<u>(663,752,069)</u>	<u>(11,770,212)</u>	<u>(10,592,734)</u>	<u>(675,148,448)</u>	<u>(674,344,803)</u>
Total net position (deficit)	<u>\$ (11,149,997)</u>	<u>\$ (29,236,616)</u>	<u>\$ (10,376,854)</u>	<u>\$ (8,831,038)</u>	<u>\$ (21,526,851)</u>	<u>\$ (38,067,654)</u>

**UNION COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The net position of the Board's governmental activities increased \$18.1 million during the year, from \$(29.2) million at June 30, 2019 to \$(11.1) million at June 30, 2020 as a result of increased construction offset by increases in pension and OPEB expenses. Net investment in capital assets increased by \$18.7 million as a result of capital additions exceeding depreciation expense for the year. The Board's restricted net position decreased by \$1.0 million due to timing of receivables and a decrease in encumbrances. Unrestricted net position increased by \$374,000 compared to the prior year, due primarily to the increases in fund balance.

The net position of the Board's business-type activities decreased \$1.5 million from \$(8.8) million at June 30, 2019 to \$(10.4) million at June 30, 2020. This decrease of \$1.5 million is the net loss generated by our School Food Service fund and the After School Program fund during the 2020 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**UNION COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Revenues:						
Program revenues:						
Charges for services	\$ 10,653,228	\$ 11,718,204	\$ 7,981,863	\$ 10,865,440	\$ 18,635,091	\$ 22,583,644
Operating grants and contributions	275,242,644	269,100,942	7,718,905	8,923,241	282,961,549	278,024,183
Capital grants and contributions	449,980	456,440	7,425	-	457,405	456,440
General revenues:						
County appropriations	145,487,397	134,735,845	-	-	145,487,397	134,735,845
Other revenues	1,625,971	1,740,788	160,564	135,789	1,786,535	1,876,577
Total revenues	<u>433,459,220</u>	<u>417,752,219</u>	<u>15,868,757</u>	<u>19,924,470</u>	<u>449,327,977</u>	<u>437,676,689</u>
Expenses:						
Governmental activities:						
Instructional services	324,831,555	309,812,306	-	-	324,831,555	309,812,306
System-wide support services	77,365,356	80,904,190	-	-	77,365,356	80,904,190
Ancillary services	1,148,373	381,556	-	-	1,148,373	381,556
Payments to other governments	9,155,819	8,259,022	-	-	9,155,819	8,259,022
Interest on long-term debt	175,542	181,782	-	-	175,542	181,782
Unallocated depreciation	1,434,253	1,225,276	-	-	1,434,253	1,225,276
Business-type activities:						
School food service	-	-	14,765,642	16,139,109	14,765,642	16,139,109
Child care	-	-	3,910,634	4,549,198	3,910,634	4,549,198
Total expenses	<u>414,110,898</u>	<u>400,764,132</u>	<u>18,676,276</u>	<u>20,688,307</u>	<u>432,787,174</u>	<u>421,452,439</u>
Transfers in (out)	<u>(1,261,703)</u>	<u>(115,169)</u>	<u>1,261,703</u>	<u>115,169</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	18,086,619	16,872,918	(1,545,816)	(648,668)	16,540,803	16,224,250
Beginning net position (deficit)	<u>(29,236,616)</u>	<u>(46,109,534)</u>	<u>(8,831,038)</u>	<u>(8,182,370)</u>	<u>(38,067,654)</u>	<u>(54,291,904)</u>
Ending net position (deficit)	<u>\$ (11,149,997)</u>	<u>\$ (29,236,616)</u>	<u>\$ (10,376,854)</u>	<u>\$ (8,831,038)</u>	<u>\$ (21,526,851)</u>	<u>\$ (38,067,654)</u>

Total governmental activities generated revenues of \$433.5 million while expenses in this category totaled \$414.1 million for the year ended June 30, 2020, resulting in an increase in net position of \$18.1 million (including transfers out to business-type activities of \$1.3 million). Comparatively, revenues were \$417.8 million, expenses totaled \$400.8 million and transfers out were \$115,000 for the year ended June 30, 2019, resulting in an increase in net position of \$16.9 million. In comparing the two years, revenues increased by \$15.7 million and expenses increased by \$13.3 million. The overall increase in revenues is

UNION COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

attributable to a \$6.1 million increase for Operating grants and contributions from State and Federal sources as a result of State mandated salary and benefit increases. The Board also reported a \$10.8 million increase in funding from County appropriations, primarily recognized in the Capital Outlay Fund as the County continues to fund new construction and renovations. The overall increase in expenses is largely attributable to a \$21.4 million increase in pension and OPEB related expenses offset by cost savings recognized as a result of school closing in the middle of March due to the Coronavirus pandemic as well as a slight decrease in salaries despite the previously mentioned State mandated increase in salaries and benefits. See the footnotes for detailed information regarding pension and OPEB related amounts and disclosures.

The Board's primary sources of revenues were funding from the State of North Carolina, Union County, and the United States Government, which respectively comprised 56.8%, 33.4% and 6.0% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 78.4% of our total expenses during the most recent fiscal year. Of the remaining 21.6% of our total expenses, 18.7% was attributable to system-wide support services.

Our business-type activities generated revenues of \$15.9 million, while expenses in this category totaled \$18.7 million for the year ended June 30, 2020. For the year, net position decreased by \$1.5 million (including transfers in of \$1.3 million). Comparatively, revenues were \$19.9 million, expenses were \$20.7 million and transfers in were \$115,000 for the year ended June 30, 2019, resulting in a decrease in net position of \$649,000. In comparing the two years, revenues decreased by \$4.1 million as a result of the coronavirus pandemic which closed in person instruction in the middle of March. Expenses also decreased by \$2.0 million, due to decreased food cost because of the decline in meals served. Salaries and benefits remained consistent compared to the previous year.

Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$21.3 million at June 30, 20, an increase of \$3.4 million from the amount reported at June 30, 2019. Each of the Board's governmental funds reported an increase in fund balance.

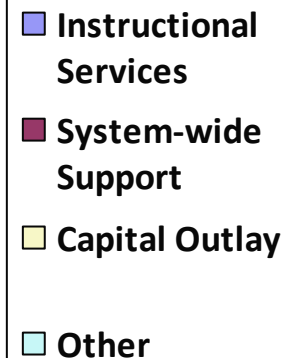
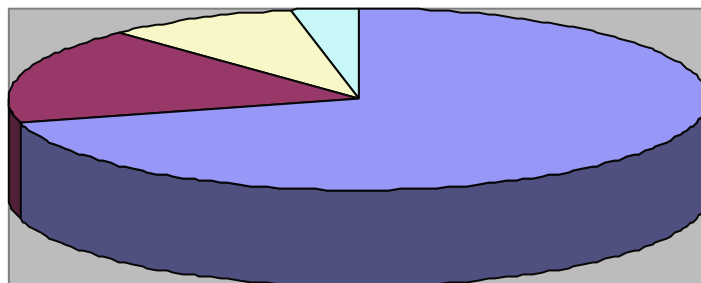
Overall, total governmental fund revenues increased by \$15.2 million while total expenditures increased by \$1.4 million over the prior year. The increase in revenues is attributable primarily to an increase of \$5.1 million in State Public School funding, a \$2.7 million increase in County appropriations in the General Fund and an \$8.5 million increase in County appropriations in the Capital Outlay fund. The increase in expenditures was primarily in capital outlay expenditures which increased \$1.6 million, over the prior year as a result of new construction and renovation projects. The Capital Outlay Fund also recognized an increase in fund balance because of an unspent installment purchase obligation related to a \$3.2 installment purchase agreement entered into in the current year to purchase Chromebooks in the next fiscal year. There was a \$3.6 decrease in expenditures in the Other Special Revenue partially offset by a \$1.6 million increase in expenditures in the General Fund. The combined decrease in expenditures is attributable to management's efforts to decrease spending during the current year in an attempt to increase fund balance, as well as cost savings recognized during the coronavirus pandemic.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. In comparing the year ended June 30, 2020 to 2019, the State Public School Fund reported an increase in revenues (and expenditures) of \$5.1 million, or 2.1%, while the Federal Grants Fund reported a decrease of \$566,000, or 3.5%.

The following chart summarizes governmental fund expenditures:

**UNION COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Fund: The Board's business-type funds, the School Food Service Fund and the After School Program Fund, reported a combined decrease in net position of \$1.5 million for the fiscal year ended June 30, 2020 compared to a decrease of \$649,000 for the same 2019 period. Net loss in the School Food Service Fund (including transfers in) was \$686,000 for the fiscal year ended June 30, 2020 compared to net loss of \$397,000 for 2019, a decline of \$289,000. This decline is due to a decrease in participation related to the coronavirus pandemic which decreased revenues and food costs but not a decrease in salaries and benefits expenses. The After School Program Fund reported a net loss of \$860,000 in 2020 compared to a net loss of \$251,000 in 2019, a decline of \$609,000 resulting from decreases in before and after school care fees collected because the program was shut down in the middle of March in response to the coronavirus which halted in person teaching and closed school facilities.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are often necessary throughout the year to recognize these adjustments. The Board's General Fund reported an increase in fund balance for the year ended June 30, 2020 of \$660,000, compared to a decrease of \$4.8 million in 2019 as a result of a \$4.4 million transfer to the Capital Outlay Fund to fund Capital projects and the future payments on the new Chromebook lease. Revenues increased by \$2.7 million due to an increase in appropriations from Union County. Total expenditures increased by \$1.6 million over the prior year, due to slight increases in Instructional services and System-wide support services as well as a \$763,000 increase in payments to Charter Schools. Through effective cost-containment and budget management practices, the Board was able to keep expenditures below budget and not use any of the \$886,000 of fund balance that had been appropriated.

Capital Assets

Total primary government capital assets were \$644.7 million at June 30, 2020 compared to \$624.7 million at June 30, 2019, an increase of 3.2%. The increase is attributable to an excess of capital additions over depreciation expense for the year. More detailed information about the Board's capital assets is contained in Note 2 – Detail Notes to the basic financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2020 and 2019:

**UNION COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 3
Summary of Capital Assets
As of June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/19</u>
Land	\$ 62,396,724	\$ 62,318,478	\$ -	\$ -	\$ 62,396,724	\$ 62,318,478
Construction in progress	53,125,190	33,468,059	-	-	53,125,190	33,468,059
Buildings and improvements	515,366,841	513,810,266	-	-	515,366,841	513,810,266
Equipment and furniture	820,910	1,707,178	1,353,447	1,715,381	2,174,357	3,422,559
Vehicles	11,591,388	11,720,932	-	-	11,591,388	11,720,932
Total	<u>\$ 643,301,053</u>	<u>\$ 623,024,913</u>	<u>\$ 1,353,447</u>	<u>\$ 1,715,381</u>	<u>\$ 644,654,500</u>	<u>\$ 624,740,294</u>

Debt Outstanding

During the year, the Board's long-term debt increased from \$6.7 million at June 30, 2019 to \$8.3 million at June 30, 2020. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 2- Detail Notes to the basic financial statements.

Economic Factors

The Board anticipates an increased enrollment over the next several years and will need continued increases in classroom space, teachers and equipment. County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the school district. The following factors have affected the economic outlook of Union County.

- Union County's population estimation of approximately 245,000 is an increase of approximately 21.2% since 2010. Union County also has the 10th largest population growth since 2010 in the State. The future expected growth in the County will continue to increase the demands on funding sources for the Board.
- The unadjusted unemployment rate in Union County at June 30, 2020 was 6.1%, slightly below that of the State at 7.7%.

Requests for Information

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

Shanna McLamb, Chief Finance Officer
Union County Board of Education
400 N. Church Street
Monroe, NC 28112

Basic Financial Statements

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,784,074	\$ 739,120	\$ 14,523,194
Investments	11,034,465	5,517,410	16,551,875
Due from other governments	18,227,168	163,514	18,390,682
Receivables	150,880	244,752	395,632
Net OPEB asset	586,465	14,891	601,356
Internal balances	990,000	(990,000)	-
Inventories	-	409,338	409,338
Capital assets:			
Land, improvements, and construction		-	
Land and construction in progress	115,521,914	-	115,521,914
Other capital assets, net of depreciation	527,779,139	1,353,447	529,132,586
Total capital assets	643,301,053	1,353,447	644,654,500
Total assets	688,074,105	7,452,472	695,526,577
Deferred Outflows of Resources	111,822,583	2,839,140	114,661,723
Liabilities			
Accounts payable and accrued expenses	7,183,630	175,946	7,359,576
Accrued salaries and wages payable	15,439,936	124,783	15,564,719
Unearned revenue	226,339	540,352	766,691
Long-term liabilities:			
Due within one year	13,161,232	329,317	13,490,549
Due in more than one year	14,076,688	177,571	14,254,259
Net pension liability	159,962,524	4,061,396	164,023,920
Net OPEB liability	423,524,059	10,753,138	434,277,197
Total liabilities	633,574,408	16,162,503	649,736,911
Deferred Inflows of Resources	177,472,277	4,505,963	181,978,240
Net position			
Net investment in capital assets	635,033,673	1,353,447	636,387,120
Restricted for:			
Stabilization by State statute	1,546,385	-	1,546,385
School capital outlay	6,081,443	-	6,081,443
Instructional services	3,731,819	-	3,731,819
Individual schools activities	4,263,073	-	4,263,073
DIPNC OPEB plan	1,571,846	39,911	1,611,757
Unrestricted (deficit)	(663,378,236)	(11,770,212)	(675,148,448)
Total net position (deficit)	\$ (11,149,997)	\$ (10,376,854)	\$ (21,526,851)

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 206,052,641	\$ -	\$ 165,212,382	\$ -	\$ (40,840,259)	\$ -	\$ (40,840,259)
Special populations	43,673,796	-	38,448,710	-	(5,225,086)	-	(5,225,086)
Alternative programs	13,135,626	-	8,718,789	-	(4,416,837)	-	(4,416,837)
School leadership	23,126,571	-	10,285,888	-	(12,840,683)	-	(12,840,683)
Co-curricular	10,610,554	9,285,934	-	-	(1,324,620)	-	(1,324,620)
School-based support	28,232,367	-	19,031,370	-	(9,200,997)	-	(9,200,997)
System-wide support services:							
Support and development	2,558,971	-	73,943	-	(2,485,028)	-	(2,485,028)
Special population support and development	547,107	-	217,451	-	(329,656)	-	(329,656)
Alternative programs and services support and development	928,688	-	97,020	-	(831,668)	-	(831,668)
Technology support	7,609,562	-	1,393,917	-	(6,215,645)	-	(6,215,645)
Operational support	55,573,984	-	29,629,776	449,980	(25,494,228)	-	(25,494,228)
Financial and human resource services	4,387,470	1,367,294	156,794	-	(2,863,382)	-	(2,863,382)
Accountability	2,057,948	-	-	-	(2,057,948)	-	(2,057,948)
System-wide pupil support	1,258,885	-	746,438	-	(512,447)	-	(512,447)
Policy, leadership and public relations	2,442,741	-	523	-	(2,442,218)	-	(2,442,218)
Ancillary services	1,148,373	-	751,323	-	(397,050)	-	(397,050)
Non-programmed charges	9,155,819	-	478,320	-	(8,677,499)	-	(8,677,499)
Interest on long-term debt	175,542	-	-	-	(175,542)	-	(175,542)
Unallocated depreciation expense**	1,434,253	-	-	-	(1,434,253)	-	(1,434,253)
Total governmental activities	414,110,898	10,653,228	275,242,644	449,980	(127,765,046)	-	(127,765,046)
Business-type activities:							
School food service	14,765,642	4,968,783	7,718,905	7,425	-	(2,070,529)	(2,070,529)
Child care	3,910,634	3,013,080	-	-	-	(897,554)	(897,554)
Total business-type activities	18,676,276	7,981,863	7,718,905	7,425	-	(2,968,083)	(2,968,083)
Total primary government	\$ 432,787,174	\$ 18,635,091	\$ 282,961,549	\$ 457,405	(127,765,046)	(2,968,083)	(130,733,129)
General revenues:							
Unrestricted county appropriations - operating					102,942,093	-	102,942,093
Unrestricted county appropriations - capital					42,545,304	-	42,545,304
Investment earnings, unrestricted					341,647	160,087	501,734
Miscellaneous, unrestricted					1,284,324	477	1,284,801
Transfers					(1,261,703)	1,261,703	-
Total general revenues and transfers					145,851,665	1,422,267	147,273,932
Change in net position					18,086,619	(1,545,816)	16,540,803
Net position - beginning					(29,236,616)	(8,831,038)	(38,067,654)
Net position (deficit) - ending					\$ (11,149,997)	\$ (10,376,854)	\$ (21,526,851)

**This amount excludes the depreciation that is included in the direct expenses of the various programs.

UNION COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 2,306,312	\$ -	\$ -	\$ 3,356,780	\$ 3,857,909	\$ 4,263,073	\$ 13,784,074
Investments	4,002,662	-	-	5,117,981	1,913,822	-	11,034,465
Due from other governments	61,887	12,275,183	757,555	37,655	5,094,888	-	18,227,168
Accounts receivable	62,511	-	-	88,369	-	-	150,880
Due from other funds	-	-	-	990,000	-	-	990,000
Total assets	<u>\$ 6,433,372</u>	<u>\$ 12,275,183</u>	<u>\$ 757,555</u>	<u>\$ 9,590,785</u>	<u>\$ 10,866,619</u>	<u>\$ 4,263,073</u>	<u>\$ 44,186,587</u>
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,324,345	\$ -	\$ -	\$ 74,109	\$ 4,785,176	\$ -	\$ 7,183,630
Accrued salaries and wages payable	2,075,756	12,275,183	757,555	331,442	-	-	15,439,936
Unearned revenue	-	-	-	226,339	-	-	226,339
Total liabilities	<u>4,400,101</u>	<u>12,275,183</u>	<u>757,555</u>	<u>631,890</u>	<u>4,785,176</u>	<u>-</u>	<u>22,849,905</u>
Fund balances:							
Restricted:							
Stabilization by State statute	430,361	-	-	1,116,024	-	-	1,546,385
School capital outlay	-	-	-	-	6,081,443	-	6,081,443
Special revenue programs	-	-	-	3,731,819	-	-	3,731,819
Individual schools	-	-	-	-	-	4,263,073	4,263,073
Assigned:							-
Special revenues	-	-	-	4,111,052	-	-	4,111,052
Unassigned	<u>1,602,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,602,910</u>
Total fund balances	<u>2,033,271</u>	<u>-</u>	<u>-</u>	<u>8,958,895</u>	<u>6,081,443</u>	<u>4,263,073</u>	<u>21,336,682</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,433,372</u>	<u>\$ 12,275,183</u>	<u>\$ 757,555</u>	<u>\$ 9,590,785</u>	<u>\$ 10,866,619</u>	<u>\$ 4,263,073</u>	<u>\$ 44,186,587</u>

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	21,336,682
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	643,301,053
Net OPEB asset	586,465
Deferred outflows of resources related to pensions	62,770,750
Deferred outflows of resources related to OPEB plans	49,051,833
Some liabilities, including those for compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(27,237,920)
Net pension liability	(159,962,524)
Net OPEB liability	(423,524,059)
Deferred inflows of resources related to pensions	(2,837,386)
Deferred inflows of resources related to OPEB plans	<u>(174,634,891)</u>
Net position (deficit) of governmental activities	<u>\$ (11,149,997)</u>

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 246,877,833	\$ -	\$ -	\$ 449,980	\$ -	\$ 247,327,813
Union County							
Local current expense	102,942,093	-	-	-	-	-	102,942,093
Other	-	-	-	-	42,545,304	-	42,545,304
U.S. Government	-	923,196	15,445,186	9,826,864	-	-	26,195,246
Other	840,791	-	-	5,715,404	272,917	9,285,934	16,115,046
Total revenues	103,782,884	247,801,029	15,445,186	15,542,268	43,268,201	9,285,934	435,125,502
Expenditures:							
Current:							
Instructional services:							
Regular instructional	25,883,190	154,186,885	926,030	6,108,862	2,237,903	-	189,342,870
Special populations	4,206,878	28,005,063	8,603,371	2,332,260	-	-	43,147,572
Alternative programs	3,454,561	3,962,808	4,755,981	775,926	-	-	12,949,276
School leadership	12,357,928	10,285,888	-	221,314	-	-	22,865,130
Co-curricular	1,558,812	-	-	3,355	-	9,050,376	10,612,543
School-based support	7,495,509	18,420,002	554,682	1,436,135	-	-	27,906,328
System-wide support services:							
Support and development	2,420,324	73,943	-	30,850	-	-	2,525,117
Special population support and development	318,501	96,582	120,869	2,954	-	-	538,906
Alternative programs and services							
support and development	144,260	-	97,020	686,813	-	-	928,093
Technology support	3,350,139	1,393,917	-	-	2,823,490	-	7,567,546
Operational support	24,326,848	28,368,073	-	11,501	-	-	52,706,422
Financial and human resource services	5,140,997	156,794	-	33,933	-	-	5,331,724
Accountability	323,646	-	-	1,734,707	-	-	2,058,353
System-wide pupil support	510,308	746,438	-	-	-	-	1,256,746
Policy, leadership and public relations	2,406,699	-	523	205	-	-	2,407,427
Ancillary services	235,271	743,898	7,425	155,978	-	-	1,142,572
Non-programmed charges	8,989,192	99,035	379,285	364,589	-	-	9,832,101
Debt service:							
Principal retirement	-	-	-	-	1,958,142	-	1,958,142
Interest and fees	-	-	-	-	175,542	-	175,542
Capital outlay	-	-	-	-	38,718,508	-	38,718,508
Total expenditures	103,123,063	246,539,326	15,445,186	13,899,382	45,913,585	9,050,376	433,970,918
Revenues over (under) expenditures	659,821	1,261,703	-	1,642,886	(2,645,384)	235,558	1,154,584
Other financing sources (uses):							
Transfers from (to) other funds	-	(1,261,703)	-	-	-	-	(1,261,703)
Installment purchase obligations issued	-	-	-	-	3,489,673	-	3,489,673
Total other financing sources (uses)	-	(1,261,703)	-	-	3,489,673	-	2,227,970
Net change in fund balance	659,821	-	-	1,642,886	844,289	235,558	3,382,554
Fund balances:							
Beginning of year	1,373,450	-	-	7,316,009	5,237,154	4,027,515	17,954,128
End of year	\$ 2,033,271	\$ -	\$ -	\$ 8,958,895	\$ 6,081,443	\$ 4,263,073	\$ 21,336,682

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION**Exhibit 5****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020**

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

Net changes in fund balances - total governmental funds	\$ 3,382,554
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 exceeded depreciation in the current period.	20,282,032
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	29,279,177
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	14,921,771
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,531,531)
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) benefit	(56,368,330)
OPEB (expense) benefit	7,368,018
Compensated absences	758,820
Loss on disposal of capital assets	<u>(5,892)</u>
Total changes in net position of governmental activities	<u>\$ 18,086,619</u>

The notes to the basic financial statements are an integral part of this statement.

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

Exhibit 6

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Union County	102,942,093	102,942,093	102,942,093	-
U.S. Government	-	-	-	-
Other	780,000	780,000	840,791	60,791
Total revenues	103,722,093	103,722,093	103,782,884	60,791
Expenditures:				
Current:				
Instructional services				
Regular instructional	22,642,219	25,872,169	25,883,190	(11,021)
Special populations	2,833,619	4,219,929	4,206,878	13,051
Alternative programs	3,425,512	3,454,562	3,454,561	1
School leadership	12,073,588	12,359,588	12,357,928	1,660
Co-curricular	1,646,390	1,646,389	1,558,812	87,577
School-based support	9,527,025	7,506,425	7,495,509	10,916
System-wide support services				
Support and development	2,638,004	2,489,804	2,420,324	69,480
Special populations	309,948	318,548	318,501	47
Alternative programs	137,347	144,347	144,260	87
Technology support	3,577,770	3,577,770	3,350,139	227,631
Operational support	27,122,937	24,974,938	24,326,848	648,090
Financial and human resource	5,524,165	5,291,165	5,140,997	150,168
Accountability	572,279	360,169	323,646	36,523
System-wide pupil support	551,023	551,023	510,308	40,715
Policy, leadership and public relations	2,710,219	2,525,219	2,406,699	118,520
Ancillary services				
Community	-	-	-	-
Nutrition	106,805	235,305	235,271	34
Nonprogrammed charges	9,209,007	9,080,507	8,989,192	91,315
Total expenditures	104,607,857	104,607,857	103,123,063	1,484,794
Revenues over (under) expenditures	(885,764)	(885,764)	659,821	1,545,585
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	885,764	885,764	-	(885,764)
Net change in fund balance	\$ -	\$ -	659,821	\$ 659,821
Fund balances:				
Beginning of year			1,373,450	
End of year			\$ 2,033,271	

The notes to the basic financial statements are an integral part of this statement.

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

Exhibit 6 (continued)

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 242,748,437	\$ 251,620,410	\$ 246,877,833	\$ (4,742,577)
Union County	-	-	-	-
U.S. Government	-	1,349,357	923,196	(426,161)
Other	-	-	-	-
Total revenues	<u>242,748,437</u>	<u>252,969,767</u>	<u>247,801,029</u>	<u>(5,168,738)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	156,358,240	155,928,088	154,186,885	1,741,203
Special populations	25,974,556	28,092,242	28,005,063	87,179
Alternative programs	5,622,435	5,007,269	3,962,808	1,044,461
School leadership	10,291,863	10,406,958	10,285,888	121,070
Co-curricular	-	-	-	-
School-based support	16,301,755	18,558,627	18,420,002	138,625
System-wide support services				
Support and development	128,336	119,836	73,943	45,893
Special populations	129,199	150,799	96,582	54,217
Alternative programs	-	-	-	-
Technology support	1,564,799	2,328,066	1,393,917	934,149
Operational support	25,441,341	28,684,893	28,368,073	316,820
Financial and human resource	148,301	156,802	156,794	8
Accountability	-	-	-	-
System-wide pupil support	730,060	747,060	746,438	622
Policy, leadership and public relations	-	-	-	-
Ancillary services				
Community	-	-	-	-
Nutrition	-	1,498,092	743,898	754,194
Nonprogrammed charges	-	99,035	99,035	-
Total expenditures	<u>242,690,885</u>	<u>251,777,767</u>	<u>246,539,326</u>	<u>5,238,441</u>
Revenues over (under) expenditures	57,552	1,192,000	1,261,703	69,703
Other financing uses:				
Transfers to other funds	(57,552)	(1,192,000)	(1,261,703)	(69,703)
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

The notes to the basic financial statements are an integral part of this statement.

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

Exhibit 6 (continued)

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Union County	-	-	-	-
U.S. Government	22,405,778	24,227,466	15,445,186	(8,782,280)
Other	-	-	-	-
Total revenues	<u>22,405,778</u>	<u>24,227,466</u>	<u>15,445,186</u>	<u>(8,782,280)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	2,294,673	2,117,286	926,030	1,191,256
Special populations	5,924,550	8,680,097	8,603,371	76,726
Alternative programs	7,633,364	7,830,736	4,755,981	3,074,755
School leadership	-	-	-	-
Co-curricular	-	-	-	-
School-based support	2,572,550	2,572,410	554,682	2,017,728
System-wide support services				
Support and development	-	-	-	-
Special populations	83,538	121,366	120,869	497
Alternative programs	100,191	100,998	97,020	3,978
Technology support	-	-	-	-
Operational support	887,050	890,850	-	890,850
Financial and human resource	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	523	523	-
Ancillary services				
Community	-	-	-	-
Nutrition	7,425	7,425	7,425	-
Nonprogrammed charges	<u>2,902,437</u>	<u>1,905,775</u>	<u>379,285</u>	<u>1,526,490</u>
Total expenditures	<u>22,405,778</u>	<u>24,227,466</u>	<u>15,445,186</u>	<u>8,782,280</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

The notes to the basic financial statements are an integral part of this statement.

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

Exhibit 6 (continued)

	Other Special Revenue Fund			Variance With
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Union County	-	-	-	-
U.S. Government	14,516,964	15,266,936	9,826,864	(5,440,072)
Other	5,541,860	5,893,832	5,715,404	(178,428)
Total revenues	20,058,824	21,160,768	15,542,268	(5,618,500)
Expenditures:				
Current:				
Instructional services				
Regular instructional	12,290,237	11,981,613	6,108,862	5,872,751
Special populations	6,120,501	6,224,633	2,332,260	3,892,373
Alternative programs	768,604	1,267,514	775,926	491,588
School leadership	565,544	565,544	221,314	344,230
Co-curricular	3,250	3,365	3,355	10
School-based support	1,470,083	1,630,906	1,436,135	194,771
System-wide support services				
Support and development	49,750	70,142	30,850	39,292
Special populations	20,000	20,000	2,954	17,046
Alternative programs	967,497	967,497	686,813	280,684
Technology support	-	-	-	-
Operational support	494,836	496,326	11,501	484,825
Financial and human resource	68,797	68,797	33,933	34,864
Accountability	1,320,360	1,755,357	1,734,707	20,650
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	250	205	45
Ancillary services				
Community	150,144	293,539	155,978	137,561
Nutrition	-	-	-	-
Nonprogrammed charges	686,988	733,052	364,589	368,463
Total expenditures	24,976,591	26,078,535	13,899,382	12,179,153
Revenues over (under) expenditures	(4,917,767)	(4,917,767)	1,642,886	6,560,653
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	4,917,767	4,917,767	-	(4,917,767)
Net change in fund balance	\$ -	\$ -	1,642,886	\$ 1,642,886
Fund balances:				
Beginning of year			7,316,009	
End of year			\$ 8,958,895	

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2020

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 731,777	\$ 7,343	\$ 739,120
Investments	4,973,199	544,211	5,517,410
Due from other governments	163,514	-	163,514
Receivables	242,328	2,424	244,752
Net OPEB asset	11,544	3,347	14,891
Inventories	409,338	-	409,338
Total current assets	<u>6,531,700</u>	<u>557,325</u>	<u>7,089,025</u>
Noncurrent assets:			
Capital assets:			
Furniture, equipment and vehicles, net	<u>1,344,949</u>	<u>8,498</u>	<u>1,353,447</u>
Total assets	<u>7,876,649</u>	<u>565,823</u>	<u>8,442,472</u>
Deferred Outflows of Resources	<u>2,201,047</u>	<u>638,093</u>	<u>2,839,140</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	20,467	155,479	175,946
Accrued salaries and wages payable	124,783	-	124,783
Due to other funds	990,000	-	990,000
Compensated absences	224,516	104,801	329,317
Unearned revenue	540,352	-	540,352
Total current liabilities	<u>1,900,118</u>	<u>260,280</u>	<u>2,160,398</u>
Noncurrent liabilities:			
Net pension liability	3,148,603	912,793	4,061,396
Net OPEB liability	8,336,385	2,416,753	10,753,138
Compensated absences	153,122	24,449	177,571
Total noncurrent liabilities	<u>11,638,110</u>	<u>3,353,995</u>	<u>14,992,105</u>
Total liabilities	<u>13,538,228</u>	<u>3,614,275</u>	<u>17,152,503</u>
Deferred Inflows of Resources	<u>3,493,254</u>	<u>1,012,709</u>	<u>4,505,963</u>
Net position			
Investment in capital assets	1,344,949	8,498	1,353,447
Restricted for DIPNC OPEB plan	30,941	8,970	39,911
Unrestricted (deficit)	<u>(8,329,676)</u>	<u>(3,440,536)</u>	<u>(11,770,212)</u>
Total net position (deficit)	<u>\$ (6,953,786)</u>	<u>\$ (3,423,068)</u>	<u>\$ (10,376,854)</u>

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 8

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Operating revenues:			
Food sales	\$ 4,968,783	\$ -	\$ 4,968,783
Child care fees	-	3,013,080	3,013,080
Total operating revenues	<u>4,968,783</u>	<u>3,013,080</u>	<u>7,981,863</u>
Operating expenses:			
Food cost:			
Purchase of food	4,528,935	267,815	4,796,750
Donated commodities	1,035,123	-	1,035,123
Salaries and benefits	7,311,434	3,308,179	10,619,613
Indirect costs	990,000	-	990,000
Materials and supplies	88,728	96,482	185,210
Repairs and maintenance	90,646	-	90,646
Depreciation	410,449	8,503	418,952
Non-capitalized equipment	44,919	4,611	49,530
Contracted services	75,113	2,182	77,295
Field trips	-	71,935	71,935
Bank service fees	-	78,851	78,851
Other	190,295	72,076	262,371
Total operating expenses	<u>14,765,642</u>	<u>3,910,634</u>	<u>18,676,276</u>
Operating loss	<u>(9,796,859)</u>	<u>(897,554)</u>	<u>(10,694,413)</u>
Nonoperating revenues:			
Federal reimbursements	6,671,516	-	6,671,516
Federal commodities	1,035,123	-	1,035,123
State reimbursements	12,266	-	12,266
Gain on disposal of capital assets	477	-	477
Interest earned	122,399	37,688	160,087
Total nonoperating revenues	<u>7,841,781</u>	<u>37,688</u>	<u>7,879,469</u>
Loss before transfers and contributions	(1,955,078)	(859,866)	(2,814,944)
Transfers (to) from other funds	<u>1,261,703</u>	<u>-</u>	<u>1,261,703</u>
Contributions:			
Capital contributions	<u>7,425</u>	<u>-</u>	<u>7,425</u>
Change in net position	(685,950)	(859,866)	(1,545,816)
Net position, beginning	<u>(6,267,836)</u>	<u>(2,563,202)</u>	<u>(8,831,038)</u>
Net position (deficit), end of year	<u>\$ (6,953,786)</u>	<u>\$ (3,423,068)</u>	<u>\$ (10,376,854)</u>

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 5,263,264	\$ 2,963,683	\$ 8,226,947
Cash paid for goods and services	(6,066,655)	(533,256)	(6,599,911)
Cash paid to employees for services	(6,171,953)	(3,284,433)	(9,456,386)
Net cash provided (used) by operating activities	(6,975,344)	(854,006)	(7,829,350)
Cash flows from noncapital financing activities:			
Due to other funds	190,000	(500,000)	(310,000)
Federal and State reimbursements	6,679,873	-	6,679,873
Net cash provided by noncapital activities	6,869,873	(500,000)	6,369,873
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	7,684	-	7,684
Purchase of capital assets	(56,800)	-	(56,800)
Net cash used by capital and related financing activities	(49,116)	-	(49,116)
Cash flows from investing activities:			
Interest earned on investments	122,399	37,688	160,087
Sales (purchase) of investments	(122,379)	862,326	739,947
Net cash provided by investing activities	20	900,014	900,034
Net increase (decrease) in cash and cash equivalents	(154,567)	(453,992)	(608,559)
Cash and cash equivalents, beginning of year	886,344	461,335	1,347,679
Cash and cash equivalents, end of year	\$ 731,777	\$ 7,343	\$ 739,120
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (9,796,859)	\$ (897,554)	\$ (10,694,413)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	410,449	8,503	418,952
Donated commodities	1,035,123	-	1,035,123
Salaries paid by special revenue fund	1,261,703	-	1,261,703
Changes in assets and liabilities:			
Decrease in accounts receivable	84,013	7,534	91,547
Increase in inventories	(25,562)	-	(25,562)
Increase (decrease) in accounts payable and accrued liabilities	(32,457)	60,696	28,239

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9 (continued)

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Decrease in accrued salaries and wages payable	(12,744)	-	(12,744)
Increase (decrease) in unearned revenue	210,468	(56,931)	153,537
Increase in pension liability	118,195	57,300	175,495
Increase in OPEB liability	614,890	236,952	851,842
Increase in OPEB asset	(3,370)	(1,039)	(4,409)
Decrease in deferred outflow	126,521	18,986	145,507
Decrease in deferred inflow	(1,004,265)	(256,952)	(1,261,217)
Increase (decrease) in compensated absences payable	38,551	(31,501)	7,050
Total adjustments	2,821,515	43,548	2,865,063
Net cash used by operating activities	<u>\$ (6,975,344)</u>	<u>\$ (854,006)</u>	<u>\$ (7,829,350)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$1,035,123 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of \$1,261,703 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

The School Food Service Fund reported a gain on disposal of capital assets of \$477.

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Union County Board of Education 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 Union County Board of Education (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 Union County, North Carolina. The Board provides public school education to the children of Union County not living within the boundaries of the Kannapolis Local Educational Agency. 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 display 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 upon revenues and expenses, however interfund services provided and used are not eliminated in the process of consolidation. 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 displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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 nonexchange transactions or ancillary activities. All expenses are considered to be operating expenses.

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 accounted for in another fund.

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 U.S. Government for the current operating expenditures of the public school system.

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements (including indirect costs), fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received from prekindergarten programs and other special programs.

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.

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

The Board reports the following major enterprise funds:

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

After School Program Fund. The After School Program Fund is used to account for the before and after school child care program within the school system.

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.

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 as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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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.

All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$100,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$100,000. 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.

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), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. The NCCMT Government Portfolio's securities are measured at fair value. The STIF securities (as valued under level 2 of the fair value hierarchy) are reported at cost and maintain a constant \$1 per share value. Investments valued under level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

UNION COUNTY BOARD OF EDUCATION
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2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 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, 1995 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 \$5,000 with an estimated useful life of two 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.

Union 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:

	Years
Buildings	20 – 50
Equipment and furniture	5 – 10
Vehicles	6 – 20
Computer equipment	3 – 5

Depreciation for equipment serves multiple purposes and cannot be allocated ratably, therefore it is reported as “unallocated depreciation” on the Statement of Activities. Land and construction in progress are not depreciated.

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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 two items that meet this criterion - a pension related deferral and contributions made to the pension plan in the current fiscal year. 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 one item that meet this criterion – pension 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 district-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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.

8. Net Position/Fund Balances

Net Position

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

UNION COUNTY BOARD OF EDUCATION
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Fund Balances

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

The governmental fund types classify fund balances as follows:

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 – North Carolina G.S. 115C-425(a) prohibits boards of education from budgeting or spending a portion of their fund balance. Restricted by State statute (RSS) is calculated at the end of each fiscal year. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. Outstanding encumbrances are included within RSS.

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 special revenue programs– grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

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.

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. Any amounts assigned are established by the Board’s Budget Committee.

Special revenue programs – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. These amounts can be expended for instructional services, system-wide support services, ancillary services or non-programmed charges.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General fund is the only fund that reports a positive unassigned fund balance amount, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, and lastly 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 of Education.

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

9. Reconciliation of District-wide and Fund Financial Statements

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 *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(32,486,679) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 919,035,198
Less Accumulated Depreciation	<u>(275,734,145)</u>
Net capital assets	643,301,053
Net OPEB Asset	586,465
Pension related deferred outflows of resources	62,770,750
OPEB related deferred outflows of resources	49,051,833
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:	
Installment financing	(8,267,380)
Compensated absences	(18,970,540)
Net pension liability	(159,962,524)
Net OPEB liability	(423,524,059)
Deferred inflows of resources related to pensions	(2,837,386)
Deferred inflows of resources related to OPEB	<u>(174,634,891)</u>
Total adjustment	<u>\$ (32,486,679)</u>

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

- b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-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 14,704,065 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 40,187,463
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	(19,905,431)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(3,489,673)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	1,958,142
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	29,279,177
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	14,921,771
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) benefit	(56,368,330)
OPEB (expense) benefit	7,368,018
Loss on disposal of asset	(5,892)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	758,820
Total adjustment	<u>\$ 14,704,065</u>

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

10. Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC'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.

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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 \$14,523,194 and deposits with the State Treasurer with a carrying amount of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$21,083,719 and \$6,131,342, respectively. Of these balances, \$4,412,921 was covered by federal depository insurance and \$22,802,140 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2020, the Board of Education had \$11,865,872 invested in fixed income securities and agency bonds. The Board also had \$2,782,138 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. In addition, the Board has \$1,903,865 invested with the State Treasurer in the Short Term Investment Fund (STIF).

UNION COUNTY BOARD OF EDUCATION
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For the Fiscal Year Ended June 30, 2020

Interest Rate Risk

The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Department of State Treasurer Short Term Investment Fund (STIF) is unrated and has a weighted average maturity of 1.3 years as of June 30, 2020.

Credit Rating for Bonds

The Board invests in certain fixed income mortgage backed securities whose primary holdings are governmental bonds. The credit rating of the underlying bonds held within these fixed income securities is AAA as determined by Standard & Poor's.

Concentration of Credit Risk

The Board places no limit on the amount the Board may invest in any one issuer. The Board does not have any investments, other than the fixed income mortgage backed securities, that account for more than 5% of total invested funds.

All investments in fixed income securities and guaranteed agency bonds are measured using the market approach fair value hierarchy Level 1: Securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. At June 30, 2020, the Board's investment balances in securities were as follows:

	<u>Cost</u>	<u>Fair Value</u>
<u>Cash Equivalents:</u>		
North Carolina Capital Management Money Market	\$ 1,472,335	\$ 1,472,335
US Treasury Note 9/29/2020	949,156	953,411
US Treasury Note 3/31/2021	952,782	964,849
US Treasury Note 12/31/2022	354,570	367,111
US Treasury Note 6/30/2021	943,348	959,053
US Treasury Note 9/30/2021	1,242,085	1,264,900
US Treasury Note 12/31/2021	1,256,942	1,284,288
US Treasury Note 3/31/2022	1,255,988	1,287,262
US Treasury Note 6/30/2022	1,254,159	1,289,575
US Treasury Note 9/30/2022	1,006,508	1,038,480
US Treasury Note 12/31/2020	952,583	960,896
Accrued Income	23,712	23,712
	<u>\$ 11,664,168</u>	<u>\$ 11,865,872</u>

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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3. Accounts Receivable

Receivables at the district-wide level at June 30, 2020 are as follows:

	Due from (to) other funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ -	\$ 61,887	\$ 62,511	\$ 124,398
Other governmental activities	<u>990,000</u>	<u>18,165,281</u>	<u>88,369</u>	<u>19,243,650</u>
Total governmental activities	<u>\$ 990,000</u>	<u>\$ 18,227,168</u>	<u>\$ 150,880</u>	<u>\$ 19,368,048</u>
Business-type activities:				
School Food Service	\$ (990,000)	\$ 163,514	\$ 242,328	\$ (584,158)
Child Care	<u>-</u>	<u>-</u>	<u>2,424</u>	<u>2,424</u>
Total business-type activities	<u>\$ (990,000)</u>	<u>\$ 163,514</u>	<u>\$ 244,752</u>	<u>\$ (581,734)</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 61,887	Due from Cities and County
State Public School Fund	12,275,183	Operating funds from DPI
Federal Grants Fund	757,555	Federal grant funds
Other Special Revenue Fund	37,655	Due from State &
		Federal governments
Capital Outlay Fund	<u>5,094,888</u>	Due from County
Total	<u>\$ 18,227,168</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 163,514</u>	Federal grant funds

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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4. 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	\$ 62,318,478	\$ 78,246	\$ -	\$ 62,396,724
Construction in progress	33,468,059	38,027,040	18,369,909	53,125,190
Total capital assets not being depreciated	95,786,537	38,105,286	18,369,909	115,521,914
Capital assets being depreciated:				
Buildings and improvements	720,028,664	18,321,057	-	738,349,721
Equipment and furniture	26,906,795	553,877	22,808	27,437,864
Vehicles	36,508,940	1,577,152	360,393	37,725,699
Total capital assets being depreciated	783,444,399	20,452,086	383,201	803,513,284
Less accumulated depreciation for:				
Buildings and improvements	206,218,398	16,764,482	-	222,982,880
Equipment and furniture	25,199,617	1,434,253	16,916	26,616,954
Vehicles	24,788,008	1,706,696	360,393	26,134,311
Total accumulated depreciation	256,206,023	19,905,431	377,309	275,734,145
Total capital assets being depreciated, net	527,238,376			527,779,139
Governmental activity capital assets, net	\$ 623,024,913			\$ 643,301,053
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	\$ 6,575,076	\$ 64,225	\$ 118,932	\$ 6,520,369
Less accumulated depreciation for:				
Equipment, furniture and vehicles	4,876,696	410,449	111,725	5,175,420
School Food Service capital assets, net	1,698,380			1,344,949
Child Care Fund:				
Capital assets being depreciated:				
Equipment and furniture	110,550	-	-	110,550
Less accumulated depreciation for:				
Equipment and furniture	93,549	8,503	-	102,052
Child Care Fund capital assets, net	17,001			8,498
Business-type activities capital assets, net	\$ 1,715,381			\$ 1,353,447

UNION COUNTY BOARD OF EDUCATION
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For the Fiscal Year Ended June 30, 2020

Depreciation was charged to governmental functions as follows:

Regular instructional services	\$ 16,764,482
System-wide support services	1,706,696
Unallocated depreciation	<u>1,434,253</u>
Total	<u>\$ 19,905,431</u>

5. Construction Commitments

As of June 30, 2020, the Board has various new construction, renovation and repair projects in progress at several schools in the district. At year end, the Board's commitments with contractors for the remaining portion of the contracts to complete these projects totaled approximately \$9.5 million.

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 – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). 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 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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.

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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 \$30,022,566 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.

At June 30, 2020, the Board reported a liability of \$164,023,920 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 asset 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, 2019 and at June 30, 2018, the Board's proportion was 1.58218% and 1.55636%, respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$57,775,184. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,720,412	\$ 328,366
Changes of assumptions	17,477,393	-
Net difference between projected and actual earnings on pension plan investments	3,144,108	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	2,581,060
Board contributions subsequent to the measurement date	30,022,566	-
Total	<u>\$ 64,364,479</u>	<u>\$ 2,909,426</u>

\$30,022,566 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 outflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2021	\$ 22,627,561
2022	4,813,476
2023	2,891,566
2024	1,099,884
2025	-
Thereafter	-
Total	\$ 31,432,487

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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 assumptions used for the December 31, 2018 actuarial valuation are 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:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%, a decrease of .20% from the prior year discount rate of 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset 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 asset or 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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 312,183,148	\$ 164,023,920	\$ 39,737,210

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

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.

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>.

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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.

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 \$14,976,562.

At June 30, 2020, Board reported a liability of \$434,277,197 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, 2019 and at June 30, 2018, the Board's proportion was 1.37258% and 1.38591%, respectively.

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\$14,976,562 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	\$ (43,607,604)
2022	(43,607,604)
2023	(43,565,792)
2024	(16,711,432)
2025	2,733,899
Thereafter	-
Total	<u>\$ (144,758,533)</u>

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

Inflation	3.00%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drug	5.00-9.50%
Healthcare cost trend rate -Medicare advantage	5.00%
Healthcare cost trend rate - administrative	3.00%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.50%, an increase of .37% over the prior year discount rate of 3.87%. 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 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 (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 516,078,622	\$ 434,277,197	\$ 368,778,832

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

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rate that is 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

		Healthcare Trend Rates		
	1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage -5.00%, Administrative - 3.00%)		1% Increase (Medical- 6.00-7.50%, Pharmacy- 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 357,594,629	\$ 434,277,197	\$	535,103,351

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.

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.

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,

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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 \$324,068 for the year ended June 30, 2020.

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

At June 30, 2020, Board reported an OPEB asset of \$601,356 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability 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, 2019 and at June 30, 2018, the Board's proportion was 1.39364% and 1.37598%, respectively.

\$324,068 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$	229,911
2022		169,632
2023		123,015
2024		75,603
2025		105,806
Thereafter		<u>(17,634)</u>
Total	\$	<u>686,333</u>

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

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 asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) 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	\$ 509,334	\$ 601,356	\$ 690,772

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.

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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:

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

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Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2020:

	RHBF	DIPNC	Total
OPEB Expense (Benefit)	\$ (8,304,540)	\$ 559,134	\$ (7,745,406)
OPEB Liability (Asset)	434,277,197	(601,356)	433,675,841
Proportionate share of the net OPEB liability (asset)	1.37258%	1.39364%	

Deferred of Outflows of Resources

Differences between expected and actual experience	-	614,330	614,330
Changes of assumptions	20,873,407	66,616	20,940,023
Net difference between projected and actual earnings on plan investments	289,194	114,543	403,737
Changes in proportion and differences between Board contributions and proportionate share of contributions	13,032,231	6,293	13,038,524
Board contributions subsequent to the measurement date	14,976,562	324,068	15,300,630
Total Deferred of Outflows of Resources	49,171,394	1,125,850	50,297,244

Deferred of Inflows of Resources

Differences between Expected and actual experience	21,893,042	-	21,893,042
Changes of assumptions	130,562,759	61,696	130,624,455
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	26,497,564	53,753	26,551,317
Total Deferred of Inflows of Resources	178,953,365	115,449	179,068,814

2. Accounts Payable

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

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 2,324,345	\$ 2,075,756	\$ 4,400,101
Other Governmental	4,859,285	13,364,180	18,223,465
Total governmental activities	\$ 7,183,630	\$ 15,439,936	\$ 22,623,566
Business-type activities:			
School Food Service Fund	\$ 20,467	\$ 124,783	\$ 145,250
Child Care Fund	155,479	-	155,479
Total business-type activities	\$ 175,946	\$ 124,783	\$ 300,729

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3. Unearned Revenues

The balances in unearned revenues at year-end have no time restrictions and are composed of the following elements:

	Unearnd Revenues
Governmental Activities:	
Grants not yet earned	\$ 226,339
Business-Type Activities:	
Prepaid lunch balances (School Food Service Fund)	\$ 540,352
Prepaid summer camp (Child Care Fund)	-
Total	\$ 540,352

4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,334,742	\$ 22,221,408
Changes of assumptions	38,417,416	130,624,455
Net difference between projected and actual earnings on pension plan investments	3,547,845	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	13,038,524	29,132,377
Board contributions subsequent to the measurement date	45,323,196	-
Total	\$ 114,661,723	\$ 181,978,240

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Board maintains general liability and error and omissions coverage of \$1 million per claim with \$2 million aggregate limit through commercial insurers. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. 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 excel 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.

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For the Fiscal Year Ended June 30, 2020

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan (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. The Board pays most of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

Statutory workers' compensation coverage is provided by The Board through a self-insured fund for employees to the extent they are paid from Federal and local funds. Workers' compensation is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State fund. Excess reinsurance is purchased through commercial insurers with a limit of \$350,000 per occurrence.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$150,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

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.

6. Contingent Liabilities

At June 30, 2020, the Board was a defendant to various lawsuits and legal claims. 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.

7. Long-Term Obligations

a. Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangements. The Board entered into such financing contracts for the purchase of school buses during each of the 2015-2016 through 2016-2017 fiscal years. The original amount of the Board's school bus direct placement installment purchase contracts outstanding at June 30, 2020 totaled \$552,798. The financing contract requires four principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15th dates.

The Board also entered into two direct placement installment purchase contracts for computers, the first contract had an original purchase amount totaling \$7,818,198. The financing contract requires quarterly principal and interest payments for 5 years with an interest rate of 3.06%. The second contract had an original purchase amount totaling \$3,200,500. The financing contract requires quarterly principal and interest payments for 5 years with an interest rate of 1.65%.

The future minimum payments of the direct placement installment purchases as of June 30, 2020 are as follows:

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 2,238,055	\$ 170,643
2022	2,484,330	119,966
2023	2,388,166	58,011
2024	768,041	14,352
2025	388,788	2,407
Total	<u>\$ 8,267,380</u>	<u>\$ 365,379</u>

b. Long-Term Obligation Activity

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

	July 1, 2019	Increases	Decreases	June 30, 2020	Current Portion
Governmental activities:					
Installment purchases	\$ 6,735,849	\$ 3,489,673	\$ 1,958,142	\$ 8,267,380	\$ 2,238,055
Net pension liability	151,066,686	8,895,838	-	159,962,524	-
Net OPEB liability	384,918,696	38,605,363	-	423,524,059	-
Compensated absences	19,729,360	14,887,319	15,646,139	18,970,540	10,923,177
Total	<u>\$ 562,450,591</u>	<u>\$ 65,878,193</u>	<u>\$ 17,604,281</u>	<u>\$ 610,724,503</u>	<u>\$ 13,161,232</u>
Business-type activities:					
Net pension liability	\$ 3,885,901	\$ 175,495	\$ -	\$ 4,061,396	\$ -
Net OPEB liability	9,901,296	851,842	-	10,753,138	-
Compensated absences	499,838	507,969	500,919	506,888	329,317
Total	<u>\$ 14,287,035</u>	<u>\$ 1,535,306</u>	<u>\$ 500,919</u>	<u>\$ 15,321,422</u>	<u>\$ 329,317</u>

Compensated absences, net pension and net OPEB liabilities related to governmental activities are typically liquidated by the General and other governmental funds. Installment purchases are typically liquidated by the Capital Outlay Fund.

C. Interfund Balances and Activity

1. Interfund balances

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Special Revenue Fund	School Food Service Fund	<u>\$ 990,000</u>

The amounts above represent indirect cost owed by the School Food Service Fund and the After School Program Fund. These amounts are expected to be paid prior to June 30, 2021.

UNION COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

2. Transfers to/from other Funds

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

	<u>Amount</u>
From the State Public School Fund to the School Food Service Fund for child nutrition costs.	<u>\$ 1,261,703</u>

D. Fund Balance

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

Total fund balance - General Fund	\$ 2,033,271
Less:	
Stabilization by State statute	<u>(430,361)</u>
Remaining fund balance	<u>\$ 1,602,910</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances outstanding at June 30, 2020 are as follows:

	<u>Encumbrances</u>
General Fund	<u>\$ 305,963</u>

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2020 in the Other Special Revenue Fund consists of the following:

Tuition and fees	\$ 1,232,155
Medicaid reimbursements	1,840,276
Indirect costs allocated	1,666,282
Private grants and donations	239,883
Facility rentals	135,139
Contributions and donations	32,720
Interest	278,383
Miscellaneous	<u>290,566</u>
Total other revenues	<u>\$ 5,715,404</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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 moneys 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 moneys.

Required Supplementary Information

**UNION COUNTY BOARD OF EDUCATION
SCHEDULE 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***

	2020	2019
Board's proportion of the net pension liability (asset)	1.58218%	1.55636%
Board's proportionate share of the net pension liability (asset)	\$ 164,023,920	\$ 154,952,587
Board's covered payroll	\$ 230,661,877	\$ 214,696,602
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.11%	72.17%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	1.59601%	1.58302%	1.57303%	1.52723%	1.54150%
Board's proportionate share of the net pension liability (asset)	\$ 126,634,472	\$ 145,495,891	\$ 57,969,270	\$ 17,905,565	\$ 93,584,758
Board's covered payroll	\$ 209,780,447	\$ 205,208,988	\$ 203,706,430	\$ 186,085,512	\$ 181,741,673
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	60.37%	70.90%	28.46%	9.62%	51.49%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

Note: This is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only seven years of data presented.

**UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 30,022,566	\$ 28,348,345	\$ 23,144,294	\$ 20,936,089	\$ 18,776,622
Contributions in relation to the contractually required contribution	<u>30,022,566</u>	<u>28,348,345</u>	<u>23,144,294</u>	<u>20,936,089</u>	<u>18,776,622</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 230,000,188	\$ 230,661,877	\$ 214,696,602	\$ 209,780,447	\$ 205,208,988
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%

	2015	2014	2013	2012	2011
Contractually required contribution	\$ 18,639,139	\$ 16,170,831	\$ 15,426,734	\$ 13,282,458	\$ 8,983,733
Contributions in relation to the contractually required contribution	<u>18,639,139</u>	<u>16,170,831</u>	<u>15,426,734</u>	<u>13,282,458</u>	<u>8,983,733</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 203,706,430	\$ 186,085,512	\$ 185,194,886	\$ 178,527,661	\$ 182,225,822
Contributions as a percentage of covered payroll	9.15%	8.69%	8.33%	7.44%	4.93%

**UNION COUNTY 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***

	2020	2019	2018	2017
Board's proportion of the net OPEB liability	1.39364%	1.37258%	1.45493%	1.39123%
Board's proportionate share of the net OPEB liability	\$434,277,197	\$394,819,992	\$477,021,010	\$605,230,565
Board's covered payroll	\$230,661,877	\$214,696,602	\$209,780,447	\$205,208,988
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	188.27%	183.90%	227.39%	294.93%
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.

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only four years of data presented.

**UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 14,976,562	\$ 14,462,500	\$ 12,989,144	\$ 12,165,615	\$ 11,436,286
Contributions in relation to the contractually required contribution	<u>14,976,562</u>	<u>14,462,500</u>	<u>12,989,144</u>	<u>12,165,615</u>	<u>11,436,286</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 230,000,188	\$ 230,661,877	\$ 214,696,602	\$ 209,780,447	\$ 205,208,988
Contributions as a percentage of covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 11,100,414	\$ 10,027,418	\$ 9,815,329	\$ 8,926,383	\$ 8,929,065
Contributions in relation to the contractually required contribution	<u>11,100,414</u>	<u>10,027,418</u>	<u>9,815,329</u>	<u>8,926,383</u>	<u>8,929,065</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 203,706,430	\$ 185,692,926	\$ 185,194,886	\$ 178,527,661	\$ 182,225,822
Contributions as a percentage of covered payroll	5.49%	5.40%	5.30%	5.00%	4.90%

**UNION COUNTY 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***

	2020	2019	2018	2017
Board's proportion of the net OPEB asset	1.39364%	1.37598%	1.40907%	1.41358%
Board's proportionate share of the net OPEB asset	\$ 601,356	\$ 417,968	\$ 861,224	\$ 877,833
Board's covered payroll	\$230,661,877	\$214,696,602	\$209,780,447	\$205,208,988
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.26%	0.19%	0.41%	0.43%
Plan fiduciary net position as a percentage of the total OPEB liability	113.00%	108.47%	116.23%	116.06%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only four years of data presented.

**UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 324,068	\$ 322,927	\$ 300,575	\$ 795,686	\$ 837,300
Contributions in relation to the contractually required contribution	<u>324,068</u>	<u>322,927</u>	<u>300,575</u>	<u>795,686</u>	<u>837,300</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 230,000,188	\$ 230,661,877	\$ 214,696,602	\$ 209,780,447	\$ 205,208,988
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 828,993	\$ 817,049	\$ 814,858	\$ 928,344	\$ 947,547
Contributions in relation to the contractually required contribution	<u>828,993</u>	<u>817,049</u>	<u>814,858</u>	<u>928,344</u>	<u>947,547</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 203,706,430	\$ 185,692,955	\$ 185,194,886	\$ 178,527,661	\$ 182,225,822
Contributions as a percentage of covered payroll	0.41%	0.44%	0.44%	0.52%	0.52%

Supplementary Information

General Fund

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Union County:			
County appropriation	\$ 102,942,093	\$ 102,942,093	\$ -
Other:			
Fines and forfeitures	700,000	725,157	25,157
ABC revenues	80,000	115,634	35,634
Total other	<u>780,000</u>	<u>840,791</u>	<u>60,791</u>
Total revenues	<u>103,722,093</u>	<u>103,782,884</u>	<u>60,791</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	25,872,169	25,883,190	(11,021)
Special populations	4,219,929	4,206,878	13,051
Alternative programs	3,454,562	3,454,561	1
School leadership	12,359,588	12,357,928	1,660
Co-curricular	1,646,389	1,558,812	87,577
School-based support	<u>7,506,425</u>	<u>7,495,509</u>	<u>10,916</u>
Total instructional services	<u>55,059,062</u>	<u>54,956,878</u>	<u>102,184</u>
System-wide support services:			
Support and development	2,489,804	2,420,324	69,480
Special population support and development	318,548	318,501	47
Alternative programs and services			
support and development	144,347	144,260	87
Technology support	3,577,770	3,350,139	227,631
Operational support	24,974,938	24,326,848	648,090
Financial and human resource services	5,291,165	5,140,997	150,168
Accountability	360,169	323,646	36,523
System-wide pupil support	551,023	510,308	40,715
Policy, leadership and public relations	<u>2,525,219</u>	<u>2,406,699</u>	<u>118,520</u>
Total system-wide support services	<u>40,232,983</u>	<u>38,941,722</u>	<u>1,291,261</u>

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures: (Continued)			
Current:			
Ancillary services:			
Nutrition	<u>235,305</u>	<u>235,271</u>	<u>34</u>
Nonprogrammed charges:			
Payments to other governments	<u>9,080,507</u>	<u>8,989,192</u>	<u>91,315</u>
Total expenditures	<u>104,607,857</u>	<u>103,123,063</u>	<u>1,484,794</u>
Revenues over (under) expenditures	(885,764)	659,821	1,545,585
Fund balance appropriated	<u>885,764</u>	<u>-</u>	<u>(885,764)</u>
Net change in fund balance	<u>\$ -</u>	659,821	<u>\$ 659,821</u>
Fund balance:			
Beginning of year		<u>1,373,450</u>	
End of year		<u>\$ 2,033,271</u>	

Supplementary Information

Capital Outlay Fund

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
State of North Carolina:			
State Buses Appropriation	\$ 854,892	\$ 449,980	\$ (404,912)
Union County:			
Bond proceeds	39,842,208	29,625,864	(10,216,344)
County appropriations	32,902,418	12,919,440	(19,982,978)
Total Union County	<u>72,744,626</u>	<u>42,545,304</u>	<u>(30,199,322)</u>
Other:			
Interest earned on investments	-	63,264	63,264
Activity bus fees	-	209,653	209,653
Total other	<u>-</u>	<u>272,917</u>	<u>272,917</u>
Total revenues	<u>73,599,518</u>	<u>43,268,201</u>	<u>(30,331,317)</u>
Expenditures:			
Debt service:			
Principal retirement	1,958,142	1,958,142	-
Interest and fees	175,542	175,542	-
Total debt service	<u>2,133,684</u>	<u>2,133,684</u>	<u>-</u>
Current:			
Instructional services	4,704,056	2,237,903	2,466,153
System-wide support services	4,186,675	2,823,490	1,363,185
Capital outlay:			
Real property and buildings	67,127,721	36,587,479	30,540,242
Furnishings and equipment	600,000	553,877	46,123
Buses and motor vehicles	1,600,000	1,577,152	22,848
Total capital outlay	<u>69,327,721</u>	<u>38,718,508</u>	<u>30,609,213</u>
Total expenditures	<u>80,352,136</u>	<u>45,913,585</u>	<u>34,438,551</u>
Revenues over (under) expenditures	(6,752,618)	(2,645,384)	4,107,234
Other financing sources:			
Installment purchase obligations issued	3,489,673	3,489,673	-
Fund balance appropriated	3,262,945	-	(3,262,945)
Net change in fund balance	<u>\$ -</u>	<u>844,289</u>	<u>\$ 844,289</u>
Fund balance:			
Beginning of year		5,237,154	
End of year		<u>\$ 6,081,443</u>	

Supplementary Information

Enterprise Funds

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

	Final Budget	Actual	Variance With Final Budget
Operating revenues - food sales	\$ 6,626,724	\$ 4,968,783	\$ (1,657,941)
Operating expenditures:			
Business support services:			
Purchase of food	-	4,554,497	-
Donated commodities	-	1,035,123	-
Salaries and benefits	-	7,420,912	-
Indirect costs	-	990,000	-
Materials and supplies	-	88,728	-
Repairs and maintenance	-	90,646	-
Non-capitalized equipment	-	44,919	-
Contracted services	-	75,113	-
Other	-	190,295	-
Capital outlay	-	56,800	-
Total operating expenditures	18,216,955	14,547,033	3,669,922
Operating loss	(11,590,231)	(9,578,250)	2,011,981
Nonoperating revenues:			
Federal reimbursements	7,738,731	6,671,516	(1,067,215)
Federal commodities	1,000,000	1,035,123	35,123
State reimbursements	10,000	12,266	2,266
Proceeds from disposal of capital assets	1,000	7,684	6,684
Interest earned	40,500	122,399	81,899
Total nonoperating revenues	8,790,231	7,848,988	(941,243)
Revenues over (under) expenditures before other financing sources	(2,800,000)	(1,729,262)	1,070,738
Other financing sources:			
Transfers from other funds	-	1,261,703	1,261,703
Fund balance appropriated	2,800,000	-	(2,800,000)
Net change in fund balance	\$ -	(467,559)	\$ (467,559)

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(410,449)	
Capital contributions		7,425	
Net OPEB asset		3,370	
Net pension liability		(118,195)	
Net OPEB liability		(614,890)	
Deferred outflows		(126,521)	
Deferred inflows		1,004,265	
Equipment purchases		56,800	
Proceeds from disposal of capital assets		(7,684)	
Gain on disposal of capital assets		477	
Increase in compensated absences payable		(38,551)	
Increase in inventories		<u>25,562</u>	
Change in net position (full accrual)		<u>\$ (685,950)</u>	

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
AFTER SCHOOL PROGRAM
For the Fiscal Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Operating revenues:			
Child care fees	<u>\$ 5,003,625</u>	<u>\$ 3,013,080</u>	<u>\$ (1,990,545)</u>
Operating expenditures:			
Regular community services:			
Purchase of food	-	267,815	-
Salaries and benefits	-	3,284,433	-
Materials and supplies	-	96,482	-
Non-capitalized equipment	-	4,611	-
Contracted services	-	2,182	-
Field trips	-	71,935	-
Bank service fees	-	78,851	-
Other	-	72,076	-
Total operating expenditures	<u>5,327,773</u>	<u>3,878,385</u>	<u>1,449,388</u>
Operating loss	<u>(324,148)</u>	<u>(865,305)</u>	<u>(541,157)</u>
Nonoperating revenues:			
Interest earned	<u>25,000</u>	<u>37,688</u>	<u>12,688</u>
Revenues under expenditures before other financing sources	-	(827,617)	(827,617)
Fund balance appropriated	<u>299,148</u>	<u>-</u>	<u>(299,148)</u>
Net change in fund balance	<u>\$ -</u>	<u>(827,617)</u>	<u>\$ (1,655,234)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(8,503)	
Net OPEB asset		1,039	
Net pension liability		(57,300)	
Net OPEB liability		(236,952)	
Deferred outflows		(18,986)	
Deferred inflows		256,952	
Decrease in compensated absences payable		31,501	
Change in net position (full accrual)		<u>\$ (859,866)</u>	

Statistical Section

STATISTICAL SECTION

(Unaudited)

The Statistical Section of the District's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial outlook.

Sections

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time.

Revenue Capacity

Since the District's local revenues are primarily provided by Union County, these schedules on the county's revenue sources are relevant to an understanding of Union County's most significant local revenue source, the property tax.

Debt Capacity

Since the District has no tax-levying or debt-issuing authority, the County of Union provides significant funding to the school system. Selected fiscal data from the County of Union has been included to help the reader better understand the school system and its financial operations.

Demographic and Economic Information

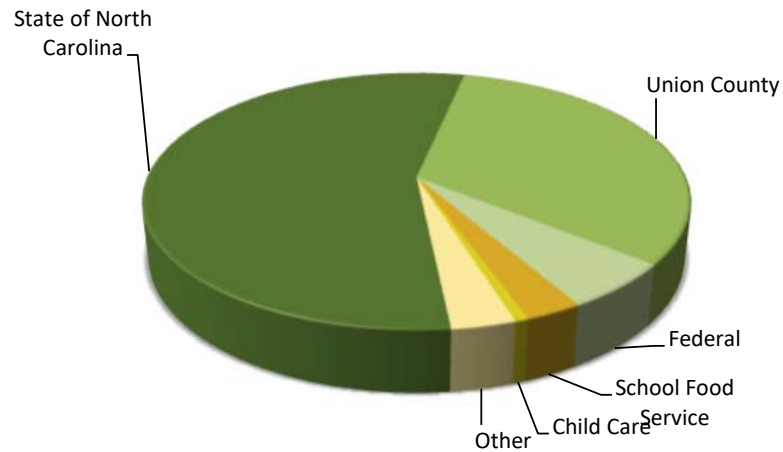
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

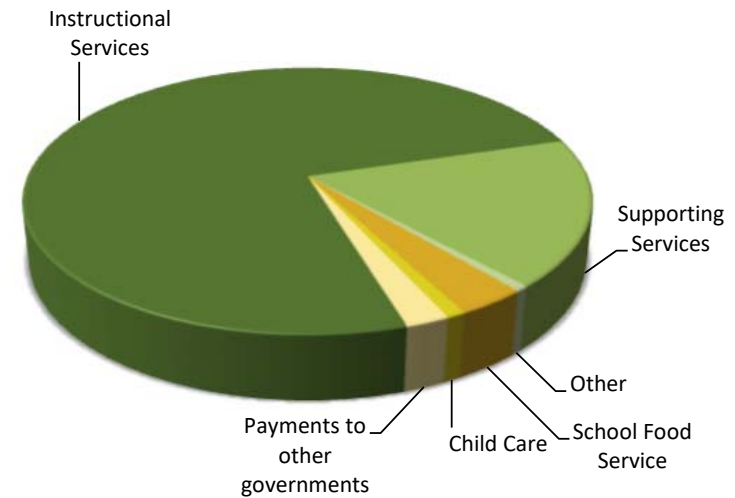
Union County Public Schools
Financial Perspective
Governmental and Business-type Activities
for Fiscal Year 2019-2020

Revenue Sources



State of North Carolina	\$247,327,813
Union County	145,487,397
Federal	26,195,246
School Food Service	12,810,564
Child Care	3,050,768
Other	14,456,189
Total	<u>\$449,327,977</u>

Expenditures/Expenses



Instructional Services	\$324,831,555
Supporting Services	77,365,356
Other	2,758,168
School Food Service	14,765,642
Child Care	3,910,634
Payments to other governments	9,155,819
Total	<u>\$432,787,174</u>

Table 2

UNION COUNTY BOARD OF EDUCATION

Net Position by Component
Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 636,960,219	\$ 630,267,098	\$ 622,728,409	\$ 610,035,846	\$ 610,994,214	\$ 613,175,982	\$ 610,517,140	\$ 608,109,615	\$ 616,289,064	\$ 635,033,673
Restricted	10,832,921	12,546,171	10,096,066	13,328,036	10,313,176	12,931,221	11,174,475	13,965,960	18,226,389	17,194,566
Unrestricted	1,052,242	682,402	(7,107,224)	(4,836,300)	(71,587,900)	(61,287,021)	(65,657,560)	(668,185,109)	(663,752,069)	(663,378,236)
Total governmental activities net position (deficit)	\$ 648,845,382	\$ 643,495,671	\$ 625,717,251	\$ 618,527,582	\$ 549,719,490	\$ 564,820,182	\$ 556,034,055	\$ (46,109,534)	\$ (29,236,616)	\$ (11,149,997)
Business-type activities:										
Net investment in capital assets	\$ 4,846,160	\$ 3,247,855	\$ 3,249,218	\$ 3,008,959	\$ 2,685,584	\$ 2,326,313	\$ 2,258,881	\$ 2,019,233	\$ 1,715,381	\$ 1,353,447
Restricted	-	-	-	-	-	-	-	40,047	46,315	39,911
Unrestricted	9,383,224	9,292,902	9,024,229	8,472,723	6,219,304	5,898,083	5,921,625	(10,241,650)	(10,592,734)	(11,770,212)
Total business-type activities net position (deficit)	\$ 14,229,384	\$ 12,540,757	\$ 12,273,447	\$ 11,481,682	\$ 8,904,888	\$ 8,224,396	\$ 8,180,506	\$ (8,182,370)	\$ (8,831,038)	\$ (10,376,854)
District-wide										
Net investment in capital assets	\$ 641,806,379	\$ 633,514,953	\$ 625,977,627	\$ 613,044,805	\$ 613,679,798	\$ 615,502,295	\$ 612,776,021	\$ 610,128,848	\$ 618,004,445	\$ 636,387,120
Restricted	10,832,921	12,546,171	10,096,066	13,328,036	10,313,176	12,931,221	11,174,475	14,006,007	16,828,764	17,234,477
Unrestricted	10,435,466	9,975,304	1,917,005	3,636,423	(65,368,596)	(55,388,938)	(59,735,935)	(678,426,759)	(672,900,863)	(675,148,448)
Total primary government net position (deficit)	\$ 663,074,766	\$ 656,036,428	\$ 637,990,698	\$ 630,009,264	\$ 558,624,378	\$ 573,044,578	\$ 564,214,561	\$ (54,291,904)	\$ (38,067,654)	\$ (21,526,851)

Source: Union County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Note: Net position for 2015 and before are not comparable to 2016 and after net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015.

Note: Net position for 2017 and before are not comparable to 2018 and after net position due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018.

Net Position by Component District-wide

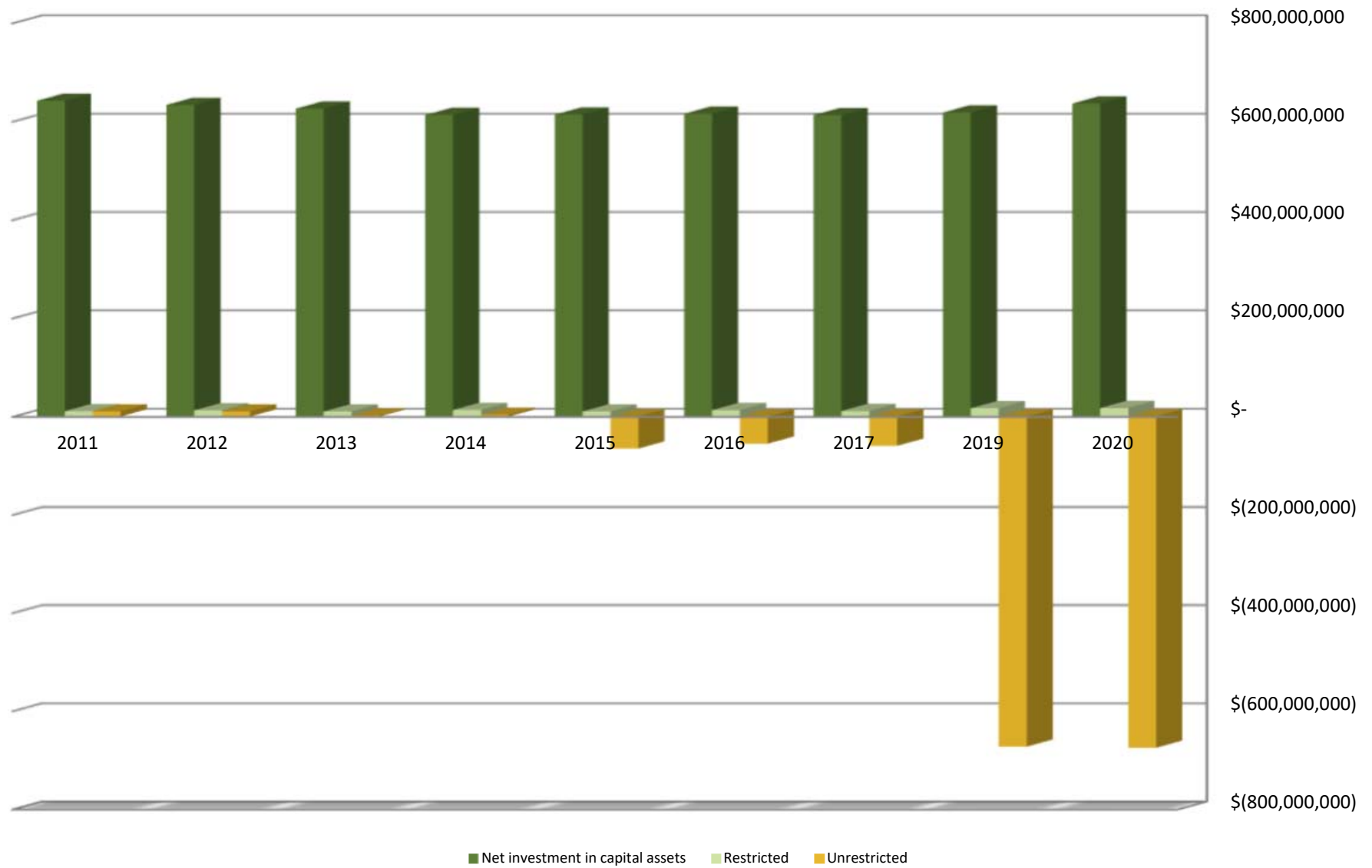


Table 3

UNION COUNTY BOARD OF EDUCATION

Changes in Net Position

Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Instructional programs	\$ 243,471,570	\$ 253,290,487	\$ 256,537,057	\$ 255,003,125	\$ 269,176,047	\$ 268,863,424	\$ 297,441,622	\$ 318,252,404	\$ 309,812,306	\$ 324,831,555
Support services	65,150,918	63,911,947	69,959,111	69,405,375	67,044,079	67,447,945	70,562,303	78,469,303	80,904,190	77,365,356
Ancillary services and non-programed charges	486,070	886,759	412,896	441,262	304,431	396,986	406,072	334,533	381,556	1,148,373
Payments to other governments	3,304,721	3,124,208	3,507,746	3,486,700	3,676,088	4,134,834	6,336,147	7,689,071	8,259,022	9,155,819
Interest on long-term debt	-	-	-	-	-	-	-	-	181,782	175,542
Unallocated depreciation expense	1,437,306	2,539,604	3,268,054	3,374,337	2,549,877	2,242,067	2,195,386	1,895,343	1,225,276	1,434,253
Total governmental activities expenses	313,850,585	323,753,005	333,684,864	331,710,799	342,750,522	343,085,256	376,941,530	406,640,654	400,764,132	414,110,898
Business-type activities:										
School food service	16,474,296	16,562,849	17,309,660	17,625,741	16,305,878	17,050,233	16,662,707	16,940,632	16,139,109	14,765,642
Child care	3,818,613	4,241,827	4,174,843	4,072,442	4,683,902	4,720,871	4,484,919	4,498,938	4,549,198	3,910,634
Total business-type activities expenses	20,292,909	20,804,676	21,484,503	21,698,183	20,989,780	21,771,104	21,147,626	21,439,570	20,688,307	18,676,276
Total primary government expenses	\$ 334,143,494	\$ 344,557,681	\$ 355,169,367	\$ 353,408,982	\$ 363,740,302	\$ 364,856,360	\$ 398,089,156	\$ 428,080,224	\$ 421,452,439	\$ 432,787,174
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition and fees	\$ 22,656	\$ 137,290	\$ 140,672	\$ 874,438	\$ 1,467,144	\$ 1,416,419	\$ 1,644,574	\$ 1,893,507	\$ 1,297,441	\$ 1,232,155
Rental of school property	157,926	163,745	169,064	138,810	204,387	179,149	148,777	190,842	197,046	135,139
Co-curricular	9,458,460	9,490,823	9,933,023	11,670,859	10,409,814	11,689,239	12,020,996	11,179,848	10,223,717	9,285,934
Operating grants and contributions	209,940,637	219,389,076	211,001,837	214,069,008	231,068,466	232,060,542	240,419,051	249,108,658	269,100,942	275,242,644
Capital grants and contributions	1,135,914	445,618	2,191,890	968,490	904,927	108,905	432,676	390,534	456,440	449,980
Total governmental activities program revenues	220,715,593	229,626,552	223,436,486	227,721,605	244,054,738	245,454,254	254,666,074	262,763,389	281,275,586	286,345,852
Business-type activities:										
Charges for services:										
School food service	8,105,162	7,734,156	7,642,267	7,564,219	7,078,823	7,101,713	6,839,980	6,534,170	6,600,918	4,968,783
Child care	4,237,687	4,206,935	4,274,849	4,445,298	4,440,579	4,272,109	4,445,747	4,378,247	4,264,522	3,013,080
Operating grants and contributions	8,377,482	8,634,632	9,059,702	9,193,185	9,207,301	9,585,387	9,755,850	9,510,823	8,923,241	7,718,905
Capital grants and contributions	-	-	-	-	-	24,390	25,000	23,000	-	7,425
Total business-type activities program revenues	20,720,331	20,575,723	20,976,818	21,202,702	20,726,703	20,983,599	21,066,577	20,446,240	19,788,681	15,708,193
Total district-wide	\$ 241,435,924	\$ 250,202,275	\$ 244,413,304	\$ 248,924,307	\$ 264,781,441	\$ 266,437,853	\$ 275,732,651	\$ 283,209,629	\$ 301,064,267	\$ 302,054,045
Net (expense) / revenue										
Governmental activities	\$ (93,134,992)	\$ (94,126,453)	\$ (110,248,378)	\$ (103,989,194)	\$ (98,695,784)	\$ (97,631,002)	\$ (122,275,456)	\$ (143,877,265)	\$ (119,488,546)	\$ (127,765,046)
Business-type activities	427,422	(228,953)	(507,685)	(495,481)	(263,077)	(787,505)	(81,049)	(993,330)	(899,626)	(2,968,083)
Total district-wide	\$ (92,707,570)	\$ (94,355,406)	\$ (110,756,063)	\$ (104,484,675)	\$ (98,958,861)	\$ (98,418,507)	\$ (122,356,505)	\$ (144,870,595)	\$ (120,388,172)	\$ (130,733,129)

UNION COUNTY BOARD OF EDUCATION

Changes in Net Position (Continued) Last Ten Fiscal Years

Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 79,504,155	\$ 79,304,155	\$ 81,504,155	\$ 83,021,859	\$ 87,621,134	\$ 92,269,358	\$ 94,979,912	\$ 97,680,174	\$ 100,649,263	\$ 102,942,093
Unrestricted county appropriations - capital	9,922,190	3,139,075	4,122,006	4,524,315	15,685,061	18,909,151	16,814,882	16,934,107	34,086,582	42,545,304
Unrestricted State appropriations - operating	981,716	839,772	688,800	753,148	-	-	-	-	-	-
Investment earnings, unrestricted	-	-	-	-	81,403	116,015	149,275	246,894	359,955	341,647
Unrestricted miscellaneous	8,829,037	5,587,330	6,146,888	8,050,008	1,549,894	1,474,320	1,505,025	2,781,713	1,380,833	1,284,324
Transfers	(203,170)	(93,590)	8,109	450,195	343,159	(37,150)	40,235	34,773	(115,169)	(1,261,703)
Total governmental activities	<u>99,033,928</u>	<u>88,776,742</u>	<u>92,469,958</u>	<u>96,799,525</u>	<u>105,280,651</u>	<u>112,731,694</u>	<u>113,489,329</u>	<u>117,677,661</u>	<u>136,361,464</u>	<u>145,851,665</u>
Business-type activities:										
Investment earnings, unrestricted	82,256	58,596	36,862	38,742	40,603	57,273	85,794	98,203	127,387	160,087
Miscellaneous, unrestricted	652,577	13,536	211,622	115,169	9,807	12,590	(8,400)	6,265	8,402	477
Transfers	203,170	93,590	(8,109)	(450,195)	(343,159)	37,150	(40,235)	(34,773)	115,169	1,261,703
Total business-type activities	<u>938,003</u>	<u>165,722</u>	<u>240,375</u>	<u>(296,284)</u>	<u>(292,749)</u>	<u>107,013</u>	<u>37,159</u>	<u>69,695</u>	<u>250,958</u>	<u>1,422,267</u>
Total district-wide	<u>\$ 99,971,931</u>	<u>\$ 88,942,464</u>	<u>\$ 92,710,333</u>	<u>\$ 96,503,241</u>	<u>\$ 104,987,902</u>	<u>\$ 112,838,707</u>	<u>\$ 113,526,488</u>	<u>\$ 117,747,356</u>	<u>\$ 136,612,422</u>	<u>\$ 147,273,932</u>
Change in Net Position										
Governmental activities	\$ 70,628,293	\$ 6,317,329	\$ (17,778,420)	\$ (7,189,669)	\$ 6,584,867	\$ 15,100,692	\$ (8,786,127)	\$ (26,199,604)	\$ 16,872,918	\$ 18,086,619
Business-type activities	1,457,146	1,551,712	(267,310)	(791,765)	(555,826)	(680,492)	(43,890)	(923,635)	(648,668)	(1,545,816)
Total district-wide	<u>\$ 72,085,439</u>	<u>\$ 7,869,041</u>	<u>\$ (18,045,730)</u>	<u>\$ (7,981,434)</u>	<u>\$ 6,029,041</u>	<u>\$ 14,420,200</u>	<u>\$ (8,830,017)</u>	<u>\$ (27,123,239)</u>	<u>\$ 16,224,250</u>	<u>\$ 16,540,803</u>

Source: Union County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY BOARD OF EDUCATION

Governmental Funds

Fund Balances

Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 3,802,965	\$ 3,803,128	\$ 1,935,299	\$ 3,041,656	\$ 1,296,016	\$ 3,808,346	\$ 1,272,528	\$ 604,367	\$ 1,208,352	\$ 430,361
Assigned	6,111,571	4,873,100	2,880,637	5,902,474	4,856,000	2,700,000	3,812,000	-	-	-
Unassigned	1,073,120	1,149,443	745,771	741,838	523,710	1,833	1,896,467	5,558,160	165,098	1,602,910
Total General Fund	<u>\$10,987,656</u>	<u>\$ 9,825,671</u>	<u>\$ 5,561,707</u>	<u>\$ 9,685,968</u>	<u>\$ 6,675,726</u>	<u>\$ 6,510,179</u>	<u>\$ 6,980,995</u>	<u>\$ 6,162,527</u>	<u>\$ 1,373,450</u>	<u>\$ 2,033,271</u>
All Other Governmental Funds										
Restricted	\$ 7,029,956	\$ 8,743,043	\$ 8,160,767	\$10,286,380	\$ 9,017,160	\$ 9,122,875	\$ 9,901,947	\$11,046,234	\$13,773,589	\$15,192,359
Assigned	5,806,650	7,436,321	4,248,211	5,676,448	4,496,335	4,004,899	4,148,287	5,498,436	2,807,089	4,111,052
Total all other governmental funds	<u>\$12,836,606</u>	<u>\$16,179,364</u>	<u>\$12,408,978</u>	<u>\$15,962,828</u>	<u>\$13,513,495</u>	<u>\$13,127,774</u>	<u>\$14,050,234</u>	<u>\$16,544,670</u>	<u>\$16,580,678</u>	<u>\$19,303,411</u>

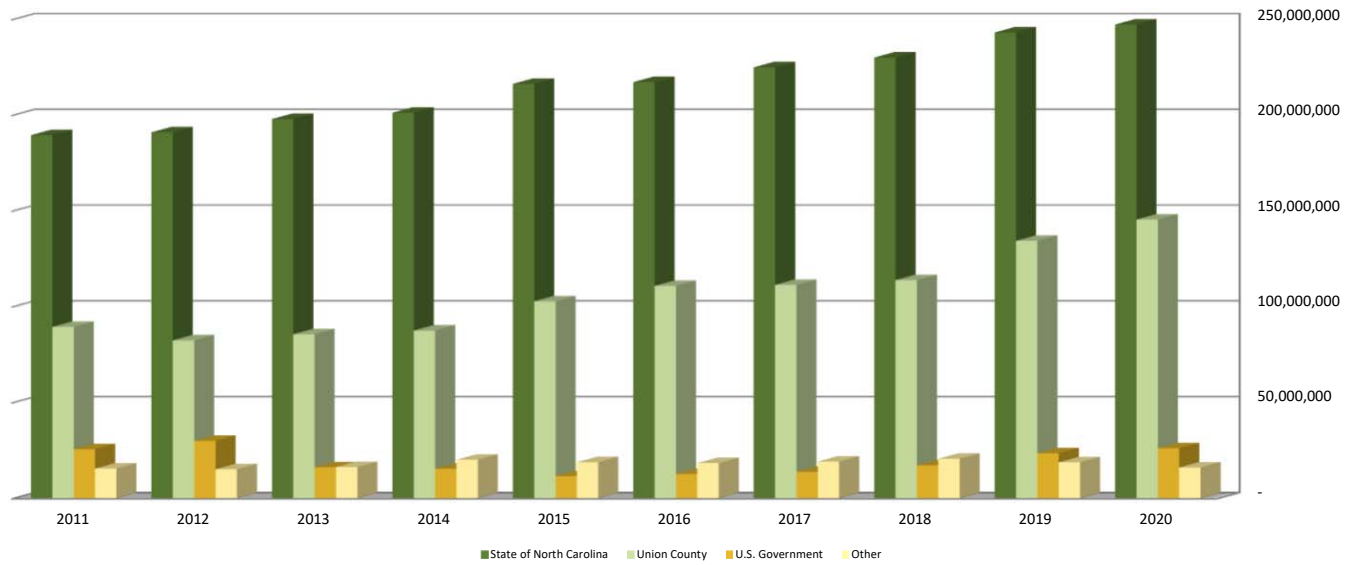
Source: Union County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020.

Table 5

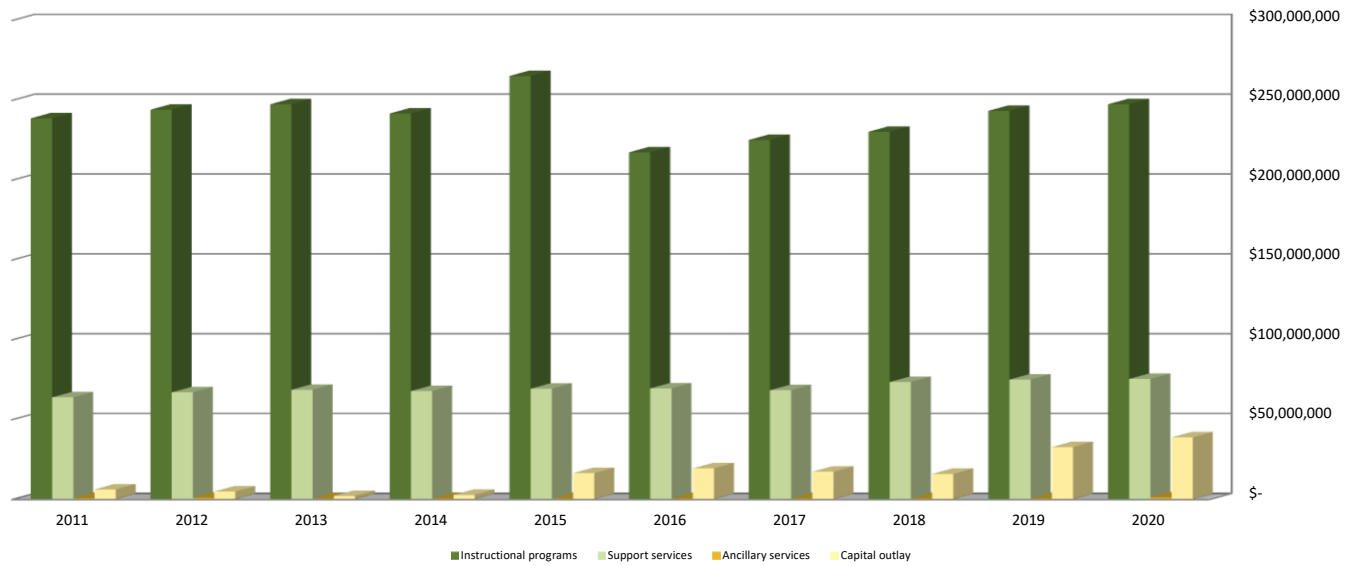
UNION COUNTY BOARD OF EDUCATION Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years					
Year Ended June 30	2011	2012	2013	2014	2015
Revenues					
State of North Carolina	189,567,050	191,045,986	197,967,614	201,250,949	\$ 216,316,270
Union County	89,426,345	82,443,230	85,626,161	87,546,174	102,782,945
U.S. Government	25,700,381	29,989,466	16,234,645	15,497,639	11,646,357
Other	15,559,344	15,194,975	16,355,267	20,176,033	18,890,358
Total revenues	<u>320,253,120</u>	<u>318,673,657</u>	<u>316,183,687</u>	<u>324,470,795</u>	<u>349,635,930</u>
Expenditures					
Instructional programs	238,522,939	243,927,557	247,293,625	241,566,196	265,034,347
Support services	63,766,798	66,905,713	68,518,217	67,733,685	69,185,492
Ancillary services	486,089	884,757	411,678	440,346	317,967
Non-programmed charges	3,605,342	3,291,986	3,755,066	3,847,917	3,676,088
Debt service					
Principal retirement	1,135,914	445,618	2,191,890	968,490	904,927
Interest and fees	-	-	-	-	-
Capital outlay	6,102,411	4,779,799	2,055,670	2,686,245	16,319,843
Total expenditures	<u>313,619,493</u>	<u>320,235,430</u>	<u>324,226,146</u>	<u>317,242,879</u>	<u>355,438,664</u>
Excess of revenues over (under) expenditures	<u>6,633,627</u>	<u>(1,561,773)</u>	<u>(8,042,459)</u>	<u>7,227,916</u>	<u>(5,802,734)</u>
Other financing sources (uses)					
Installment purchase obligations issued	1,528,197	3,619,693	-	-	-
Transfers in (out)	(3,106)	122,853	8,109	450,195	343,159
Net change in fund balances	<u>\$ 6,630,521</u>	<u>\$ (1,438,920)</u>	<u>\$ (8,034,350)</u>	<u>\$ 7,678,111</u>	<u>\$ (5,459,575)</u>
Ratio of debt service expenditures to total noncapital expenditures	0.37%	0.14%	0.69%	0.31%	0.27%
Year Ended June 30	2016	2017	2018	2019	2020
Revenues					
State of North Carolina	\$ 217,256,985	\$ 224,977,572	\$ 230,087,058	\$ 243,174,564	\$ 247,327,813
Union County	110,831,819	111,359,717	113,850,566	134,360,350	145,487,397
U.S. Government	12,753,697	13,857,626	17,273,385	23,520,163	26,195,246
Other	18,439,176	19,225,140	20,705,694	18,825,096	16,115,046
Total revenues	<u>359,281,677</u>	<u>369,420,055</u>	<u>381,916,703</u>	<u>419,880,173</u>	<u>435,125,502</u>
Expenditures					
Instructional programs	267,072,697	276,401,599	282,174,501	313,511,999	306,823,719
Support Services	69,402,493	68,249,693	73,356,072	74,907,525	75,320,334
Ancillary services	412,709	398,242	304,763	399,070	1,142,572
Non-programmed charges	4,135,017	6,336,270	8,230,767	8,979,126	9,832,101
Debt service					
Principal retirement	108,905	432,676	390,534	1,975,995	1,958,142
Interest and fees	-	-	-	181,782	175,542
Capital outlay	19,268,162	17,206,482	15,818,871	32,644,399	38,718,508
Total expenditures	<u>360,399,983</u>	<u>369,024,962</u>	<u>380,275,508</u>	<u>432,599,896</u>	<u>433,970,918</u>
Excess of revenues over (under) expenditures	<u>(1,118,306)</u>	<u>395,093</u>	<u>1,641,195</u>	<u>(12,719,723)</u>	<u>1,154,584</u>
Other financing sources (uses)					
Installment purchase obligations issued	604,188	957,948	-	8,081,823	3,489,673
Transfers in (out)	(37,150)	40,235	34,773	(115,169)	(1,261,703)
Net change in fund balances	<u>\$ (551,268)</u>	<u>\$ 1,393,276</u>	<u>\$ 1,675,968</u>	<u>\$ (4,753,069)</u>	<u>\$ 3,382,554</u>
Ratio of debt service expenditures to total noncapital expenditures	0.03%	0.12%	0.11%	0.54%	0.54%

Source: Union County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020.

**Governmental Funds
Revenues by Source**



Expenditures by Function



UNION COUNTY BOARD OF EDUCATION

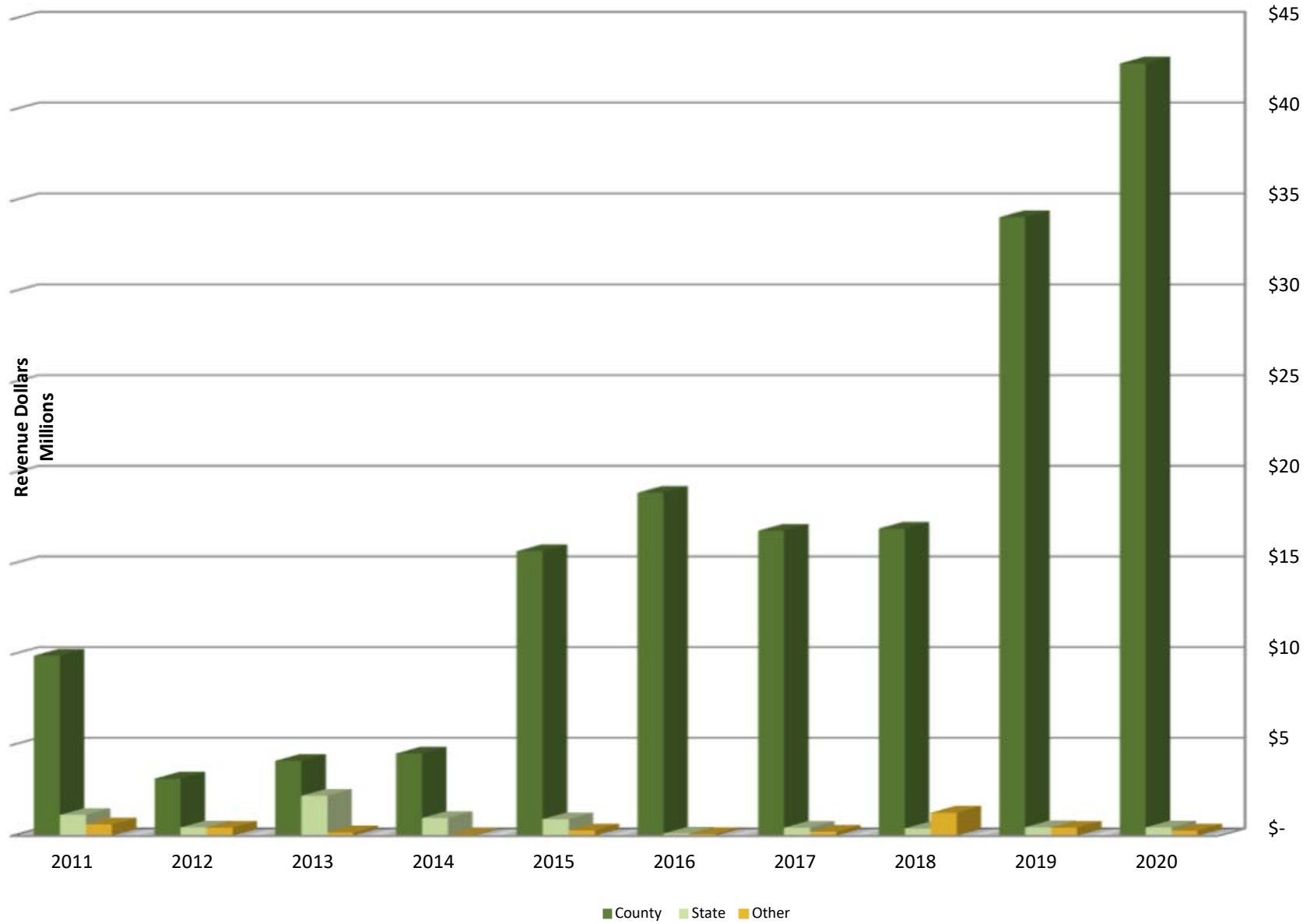
Capital Project Revenues by Source Last Ten Fiscal Years

Expressed in Nominal Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
County	\$ 9,922,190	\$ 3,139,075	\$ 4,122,006	\$ 4,524,315	\$ 15,685,061	\$ 18,909,151	\$ 16,814,882	\$ 16,934,107	\$ 34,086,582	\$ 42,545,304	
State	1,135,914	445,618	2,191,890	968,490	904,927	108,905	432,676	390,534	456,440	449,980	
Other	609,299	437,478	172,582	36,652	280,280	86,466	210,822	1,261,173	435,215	272,917	
Totals	\$ 11,667,403	\$ 4,022,171	\$ 6,486,478	\$ 5,529,457	\$ 16,870,268	\$ 19,104,522	\$ 17,458,380	\$ 18,585,814	\$ 34,978,237	\$ 43,268,201	

Expressed in Constant Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
County	\$ 4,395,757	\$ 1,367,920	\$ 1,765,283	\$ 1,898,237	\$ 6,572,742	\$ 7,844,884	\$ 6,864,478	\$ 6,720,177	\$ 13,307,638	\$ 16,503,413	
State	503,236	194,188	938,695	406,343	379,205	45,182	176,635	154,981	178,197	174,548	
Other	269,933	190,640	73,910	15,378	117,450	35,872	86,066	500,487	169,911	105,865	
Totals	\$ 5,168,926	\$ 1,752,748	\$ 2,777,888	\$ 2,319,958	\$ 7,069,397	\$ 7,925,938	\$ 7,127,179	\$ 7,375,645	\$ 13,655,746	\$ 16,783,826	

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Capital Project Revenues by Source



UNION COUNTY BOARD OF EDUCATION

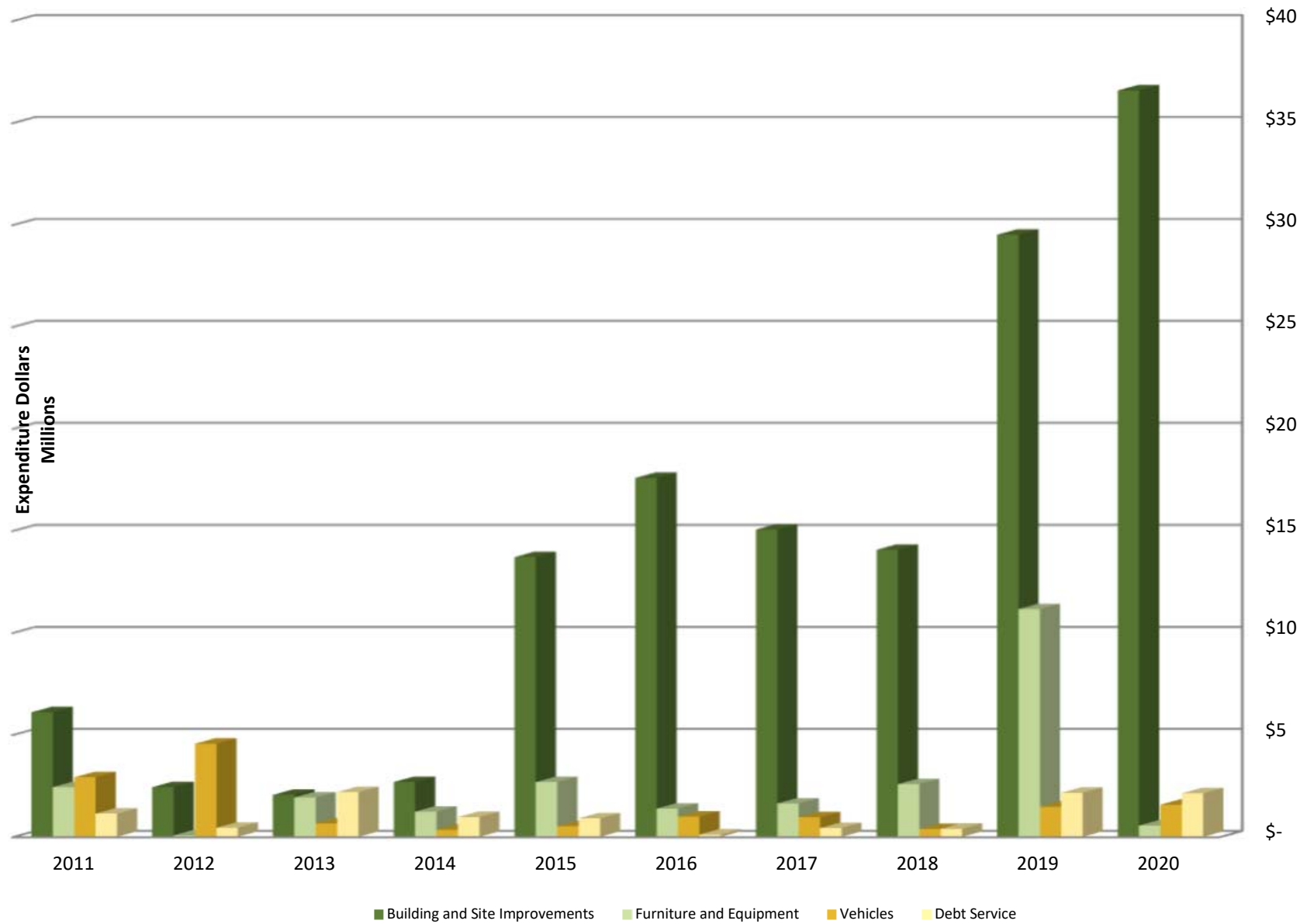
Capital Project Expenditures by Function Last Ten Fiscal Years

Expressed in Nominal Dollars										
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Building and Site Improvements	\$ 6,102,411	\$ 2,431,773	\$ 2,055,670	\$ 2,686,245	\$ 13,707,205	\$ 17,586,500	\$ 15,058,664	\$ 14,066,409	\$ 29,516,094	\$ 36,587,479
Furniture and Equipment	2,435,642	69,605	1,930,469	1,232,122	2,681,601	1,381,601	1,632,446	2,579,764	11,158,160	553,877
Vehicles	2,917,331	4,562,184	654,242	348,328	517,991	991,720	957,948	382,456	1,473,336	1,577,152
Debt Service	1,135,914	445,618	2,191,890	968,490	904,927	108,905	432,676	390,534	2,157,777	2,133,684
Totals	<u>\$ 12,591,298</u>	<u>\$ 7,509,180</u>	<u>\$ 6,832,271</u>	<u>\$ 5,235,185</u>	<u>\$ 17,811,724</u>	<u>\$ 20,068,726</u>	<u>\$ 18,081,734</u>	<u>\$ 17,419,163</u>	<u>\$ 44,305,367</u>	<u>\$ 40,852,192</u>

Expressed in Constant Dollars										
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Building and Site Improvements	\$ 2,703,507	\$ 1,059,698	\$ 880,358	\$ 1,127,050	\$ 5,743,932	\$ 7,296,152	\$ 6,147,523	\$ 5,582,152	\$ 11,523,287	\$ 14,192,360
Furniture and Equipment	1,079,045	30,332	826,739	516,953	1,123,711	573,188	666,427	1,023,761	4,356,223	214,850
Vehicles	1,292,444	1,988,070	280,184	146,146	217,061	411,437	391,071	151,775	575,201	611,781
Debt Service	503,236	194,188	938,695	406,343	379,205	45,182	176,635	154,981	842,411	827,661
Totals	<u>\$ 5,578,232</u>	<u>\$ 3,272,288</u>	<u>\$ 2,925,976</u>	<u>\$ 2,196,492</u>	<u>\$ 7,463,909</u>	<u>\$ 8,325,959</u>	<u>\$ 7,381,656</u>	<u>\$ 6,912,669</u>	<u>\$ 17,297,122</u>	<u>\$ 15,846,652</u>

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Capital Project Expenditures by Function



UNION COUNTY BOARD OF EDUCATION

Proprietary Fund - Food Services Operations

Revenues by Source

Last Ten Fiscal Years

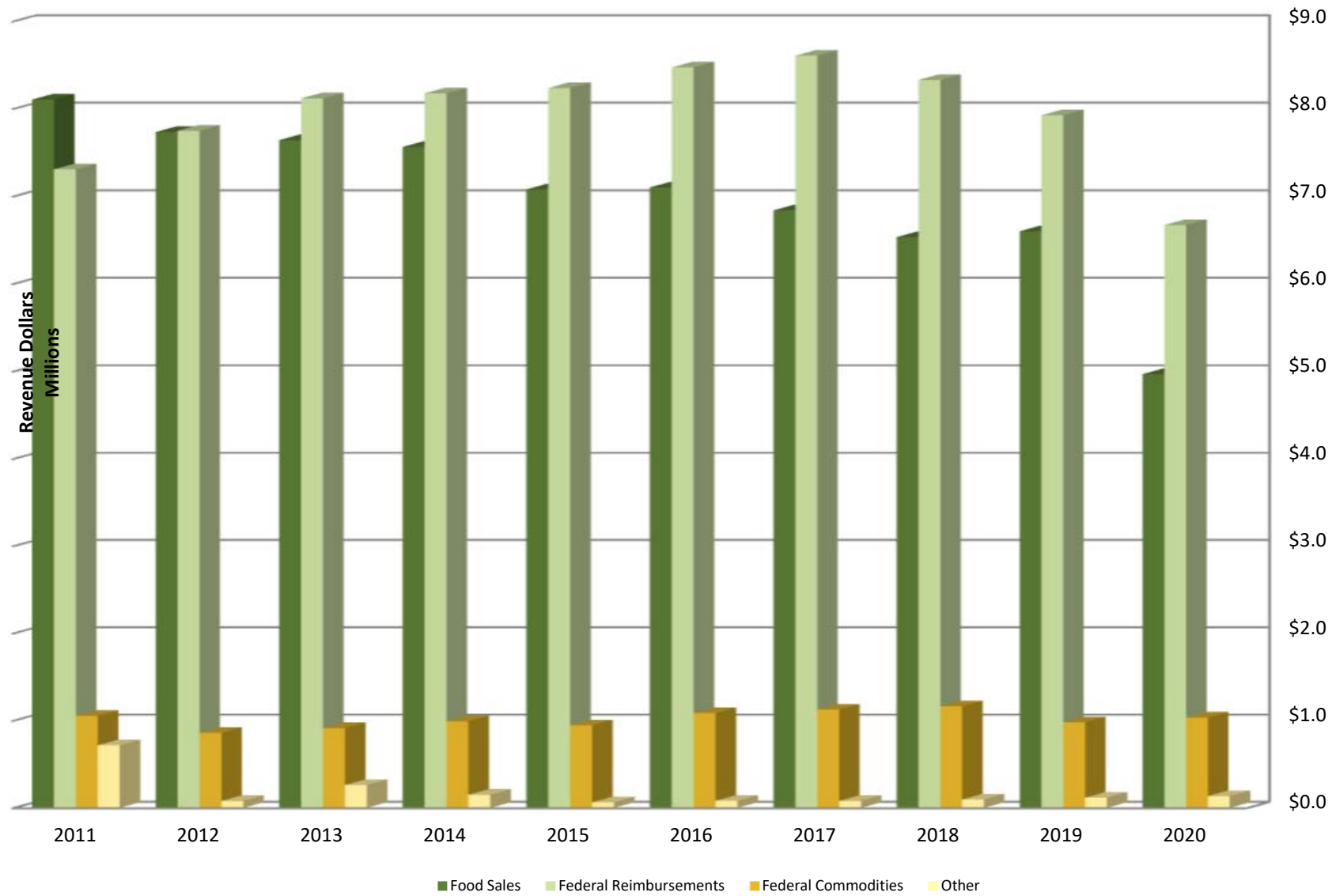
Expressed in Nominal Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Food Sales	\$ 8,105,162	\$ 7,734,156	\$ 7,642,267	\$ 7,564,219	\$ 7,078,823	\$ 7,101,713	\$ 6,839,980	\$ 6,534,170	\$ 6,600,918	\$ 4,968,783	
Federal Reimbursements	7,308,593	7,748,302	8,118,351	8,176,556	8,236,724	8,472,614	8,606,855	8,329,591	7,926,468	6,671,516	
Federal Commodities	1,053,352	858,357	914,176	991,763	944,910	1,085,614	1,124,910	1,163,368	979,715	1,035,123	
Other	717,034	79,566	261,634	150,291	63,346	81,323	79,714	96,002	116,948	135,142	
Totals	\$ 17,184,141	\$ 16,420,381	\$ 16,936,428	\$ 16,882,829	\$ 16,323,803	\$ 16,741,264	\$ 16,651,459	\$ 16,123,131	\$ 15,624,049	\$ 12,810,564	

Expressed in Constant Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Food Sales	\$ 3,590,772	\$ 3,370,326	\$ 3,272,863	\$ 3,173,669	\$ 2,966,344	\$ 2,946,304	\$ 2,792,341	\$ 2,593,038	\$ 2,577,044	\$ 1,927,401	
Federal Reimbursements	3,237,874	3,376,490	3,476,750	3,430,584	3,451,556	3,515,053	3,513,647	3,305,538	3,094,548	2,587,895	
Federal Commodities	466,659	374,048	391,503	416,107	395,960	450,391	459,231	461,674	382,488	401,526	
Other	317,662	34,673	112,047	63,057	26,545	33,739	32,542	38,098	45,657	52,422	
Totals	\$ 7,612,967	\$ 7,155,537	\$ 7,253,163	\$ 7,083,417	\$ 6,840,405	\$ 6,945,487	\$ 6,797,761	\$ 6,398,348	\$ 6,099,737	\$ 4,969,244	

Other revenue includes interest earned, gain on disposal of fixed assets, indirect costs not paid, and other revenue.

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Proprietary Fund - Food Services Operations Revenues by Source



UNION COUNTY BOARD OF EDUCATION

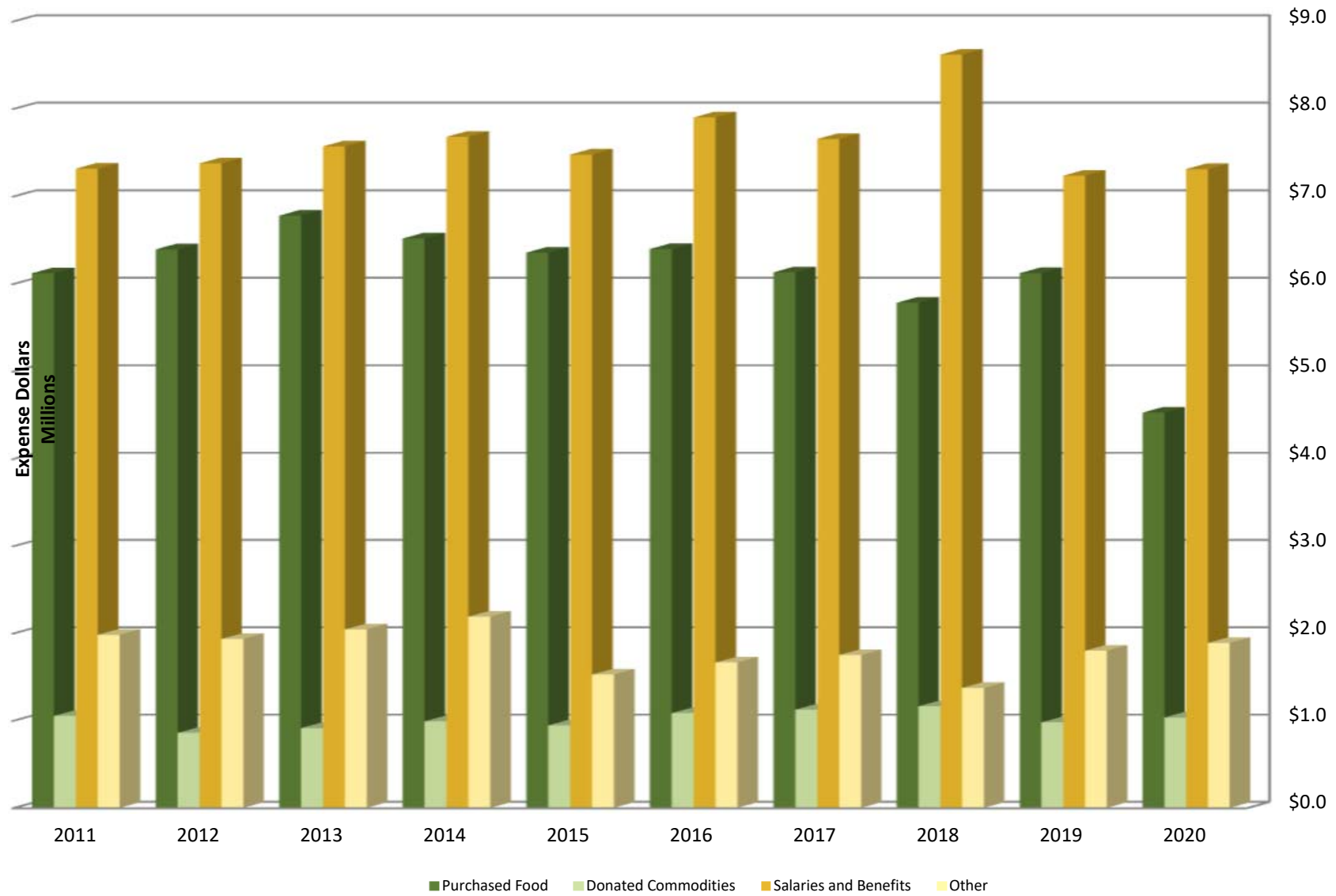
Proprietary Fund - Food Services Operations Expenses by Category Last Ten Fiscal Years

Expressed in Nominal Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Purchased Food	\$ 6,121,214	\$ 6,393,276	\$ 6,779,592	\$ 6,518,274	\$ 6,356,541	\$ 6,398,023	\$ 6,131,869	\$ 5,784,007	\$ 6,121,769	\$ 4,528,935	
Donated Commodities	1,053,352	858,357	914,176	991,763	944,910	1,085,614	1,124,910	1,163,368	979,715	1,035,123	
Salaries and Benefits	7,316,168	7,375,970	7,570,471	7,680,085	7,476,653	7,901,401	7,654,842	8,618,371	7,235,857	7,311,434	
Other	1,983,562	1,935,246	2,045,421	2,191,150	1,527,774	1,665,195	1,751,086	1,374,886	1,801,768	1,890,150	
Totals	\$ 16,474,296	\$ 16,562,849	\$ 17,309,660	\$ 17,381,272	\$ 16,305,878	\$ 17,050,233	\$ 16,662,707	\$ 16,940,632	\$ 16,139,109	\$ 14,765,642	

Expressed in Constant Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Purchased Food	\$ 2,711,838	\$ 2,786,008	\$ 2,903,416	\$ 2,734,829	\$ 2,663,675	\$ 2,654,363	\$ 2,503,263	\$ 2,295,341	\$ 2,389,981	\$ 1,756,783	
Donated Commodities	466,659	374,048	391,503	416,107	395,960	450,391	459,231	461,674	382,488	401,526	
Salaries and Benefits	3,241,229	3,214,238	3,242,116	3,222,283	3,133,052	3,278,073	3,124,999	3,420,138	2,824,929	2,836,121	
Other	878,763	843,325	875,968	919,326	640,206	690,843	714,860	545,613	703,423	733,193	
Totals	\$ 7,298,489	\$ 7,217,619	\$ 7,413,003	\$ 7,292,545	\$ 6,832,893	\$ 7,073,670	\$ 6,802,353	\$ 6,722,766	\$ 6,300,821	\$ 5,727,623	

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Proprietary Fund - Food Services Operations Expenses by Category



UNION COUNTY BOARD OF EDUCATION

Operational Expenditures Per Pupil Expenditures by Function Last Ten Fiscal Years

Expressed in Nominal Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Final Avg. Daily Membership	39,040	39,654	40,248	41,020	41,296	41,873	41,393	41,306	41,201	41,394	
Instructional	\$ 6,070	\$ 5,957	\$ 6,130	\$ 6,123	\$ 5,882	\$ 6,414	\$ 6,661	\$ 6,821	\$ 7,580	\$ 7,358	
Support	1,488	1,485	1,573	1,590	1,620	1,665	1,649	1,776	1,818	1,820	
Ancillary	11	12	22	10	10	8	10	7	10	28	
Non-programmed charges	89	90	83	93	94	99	153	199	218	238	
Totals	\$ 7,658	\$ 7,544	\$ 7,808	\$ 7,816	\$ 7,606	\$ 8,186	\$ 8,473	\$ 8,803	\$ 9,626	\$ 9,444	

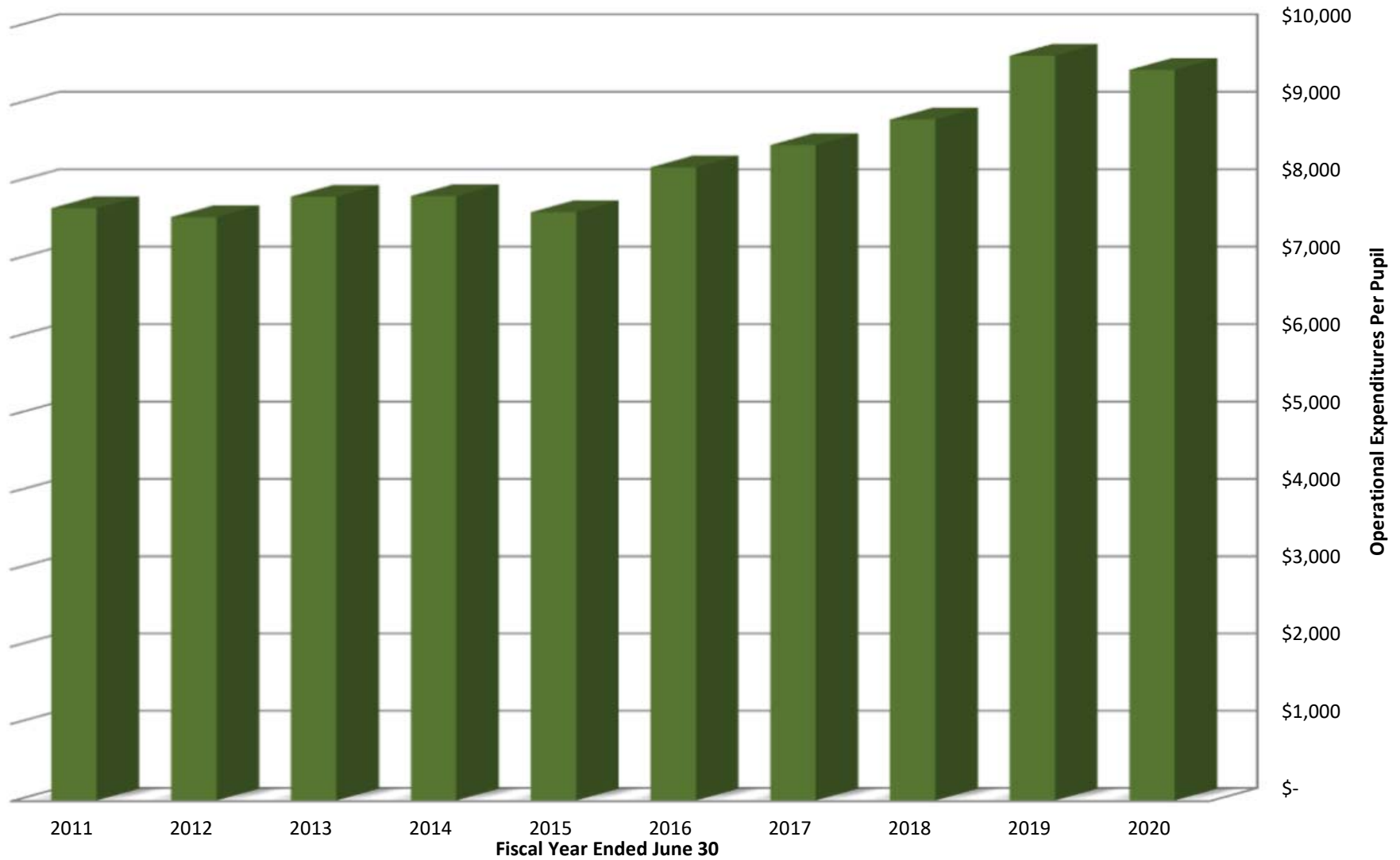
Expressed in Constant Dollars											
Year ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Instructional	\$ 2,689	\$ 2,596	\$ 2,625	\$ 2,569	\$ 2,465	\$ 2,661	\$ 2,719	\$ 2,707	\$ 2,959	\$ 2,854	
Support	659	647	674	667	679	691	673	705	710	706	
Ancillary	5	5	9	4	4	3	4	3	4	11	
Non-programmed charges	39	39	36	39	39	41	62	79	85	92	
Totals	\$ 3,392	\$ 3,287	\$ 3,344	\$ 3,279	\$ 3,187	\$ 3,396	\$ 3,458	\$ 3,494	\$ 3,758	\$ 3,663	

The above operational expenditures per pupil include the General, State Public School, Federal Grants, and Other Special Revenue Funds.

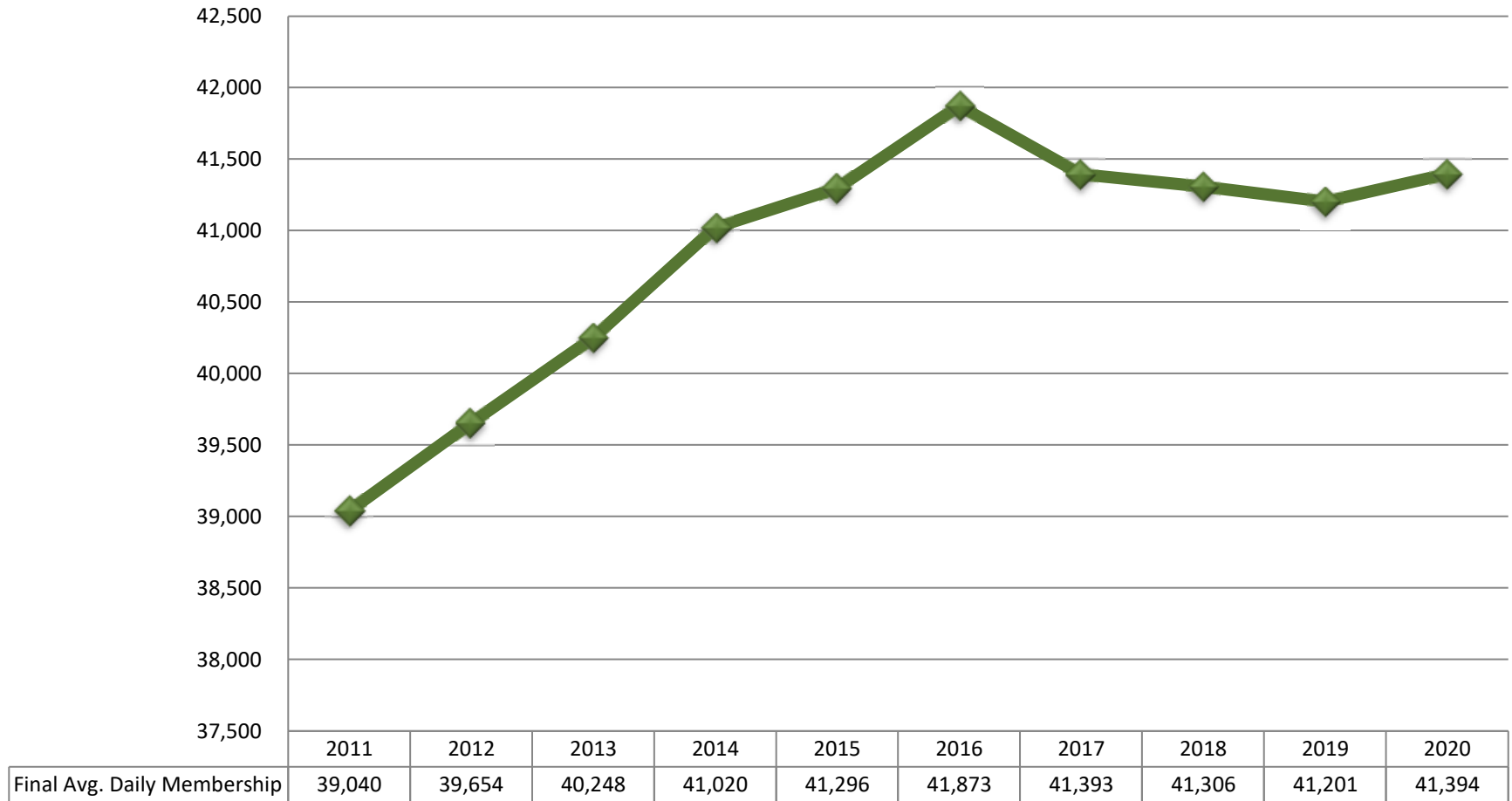
Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Table 10

Operational Expenditures Per Pupil Expenditures by Function



Union County Board of Education Final Average Daily Membership Last Ten Fiscal Years



UNION COUNTY BOARD OF EDUCATION
Teachers' Salaries
Last Ten Fiscal Years

Year Ended June 30	Minimum	Maximum	
2020	\$ 38,150	\$ 72,930	*
2019	38,150	72,930	*
2018	38,150	72,230	*
2017	38,150	70,750	*
2016	38,150	69,530	*
2015	35,611	68,633	**
2014	32,850	72,592	**
2013	32,850	72,592	**
2012	31,980	71,322	**
2011	31,980	71,622	**

* Represents total salaries including both state and local supplement, but does not include the following:

- (a) Bonus payments
- (b) Payments of varying amounts for performing extra duties.

Note: Effective 7/1/14, teachers no longer receive longevity payments.

** Represents total salaries including both state base and the system-wide local supplement, but does not include the following:

- (a) Bonus payments
- (b) Payments of varying amounts for performing extra duties, and
- (c) Longevity payments, ranging from 1 1/2% to 4 1/2% of the annual salary, made to each teacher for 10 or more years of service.

Source: Union County Public Schools Board of Education Payroll Data

UNION COUNTY BOARD OF EDUCATION

School Building Data

June 30, 2020

<u>Campus</u>	<u>Grade Span</u>	<u>School Capacity</u>	<u>Final Avg. Daily Membership</u>	<u>Percentage of Capacity Used</u>	<u>Age (Years) of Original Construction</u>	<u>Date of Original Construction</u>
Elementary Schools						
Antioch	K-5	757	925	122%	16	2004
Benton Heights	K-5	654	535	82%	98	1922
East	K-5	532	470	88%	66	1954
Fairview	K-5	631	418	66%	19	2001
Hemby Bridge	K-5	525	429	82%	47	1973
Indian Trail	K-5	642	588	92%	80	1940
Kensington	K-5	746	981	132%	15	2005
Marshville	K-5	460	383	83%	54	1966
Marvin	K-5	728	763	105%	17	2003
New Salem	K-5	277	243	88%	71	1949
New Town	K-5	728	884	121%	13	2007
Poplin	K-5	746	660	88%	11	2009
Porter Ridge	K-5	688	572	83%	16	2004
Prospect	K-5	494	425	86%	67	1953
Rea View	K-5	728	686	94%	13	2007
Rock Rest	K-5	538	459	85%	13	2007
Rocky River	K-5	660	541	82%	13	2007
Sandy Ridge	K-5	704	674	96%	15	2005
Sardis	K-5	525	510	97%	23	1997
Shiloh Valley ES	K-5	844	600	71%	27	1993
Shiloh Valley PS	K-5	641	589	92%	12	2008
Stallings	K-5	750	678	90%	12	2008
Union	K-5	368	318	86%	29	1991
Unionville	K-5	668	695	104%	80	1940
Walter Bickett	K-5	784	572	73%	17	2003
Waxhaw	K-5	653	546	84%	27	1993
Weddington	K-5	701	750	107%	23	1997
Wesley Chapel	K-5	575	591	103%	63	1957
Western Union	K-5	601	523	87%	65	1955
Wingate	K-5	460	440	96%	45	1975
Middle Schools						
Cuthbertson	6-8	1320	1405	106%	11	2009
East Union	6-8	1060	732	69%	68	1952
Marvin Ridge	6-8	1408	1437	102%	13	2007
Monroe	6-8	1128	902	80%	57	1963
Parkwood	6-8	984	795	81%	45	1975
Piedmont	6-8	988	986	100%	45	1975
Porter Ridge	6-8	1454	1328	91%	15	2005
Sun Valley	6-8	1180	1142	97%	45	1975
Weddington	6-8	1216	1263	104%	22	1998

UNION COUNTY BOARD OF EDUCATION

School Building Data (Continued)

June 30, 2020

Campus	Grade Span	School Capacity	Final Avg. Daily Membership	Percentage of Capacity Used	Age of Original Construction	Date of Original Construction
High Schools						
Cuthbertson	9-12	1,794	1,919	107%	11	2009
Early College ⁽¹⁾	9-13	N/A	366	N/A	N/A	N/A
Forest Hills	9-12	1448	867	60%	60	1960
Marvin Ridge	9-12	1848	1833	99%	13	2007
Monroe	9-12	1440	990	69%	60	1960
Parkwood	9-12	1376	1090	79%	59	1961
Piedmont	9-12	1600	1283	80%	60	1960
Porter Ridge	9-12	1812	1663	92%	15	2005
Sun Valley	9-12	1502	1427	95%	60	1960
Weddington	9-12	1,794	1,626	91%	20	2000
Alternative Schools						
Central Academy	9-12	1,504	846	56%	45	1975
South Providence	6-12	140	122	87%	78	1942
Wolfe Develop. Center/ Trainable School	K-12	140	98	70%	11	2009

N/A = Not Applicable

Source: Union County Public Schools N. C. Public Schools Facility Needs Report; 2020

Note:

(1) Early College is located at South Piedmont Community College

UNION COUNTY BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Capitalized Leases	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2020	\$ -	\$ 8,267,380	\$ 8,267,380	N/A	\$ 34
2019	-	6,735,849	6,735,849	N/A	28
2018	-	630,021	630,021	0.01%	3
2017	-	1,020,555	1,020,555	0.01%	5
2016	-	495,283	495,283	0.00%	2
2015	-	-	-	0.00%	-
2014	-	904,927	904,927	0.01%	4
2013	-	1,873,417	1,873,417	0.02%	9
2012	-	4,065,307	4,065,307	0.05%	20
2011	-	891,232	891,232	0.01%	4

N/A = Not available

Source: Union County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2019 and June 30, 2018 income based information will be shown above as "N/A", and the June 30, 2019 information will be reported for the year ended June 30, 2021, if applicable.

Union County
North Carolina
Governmental Funds Revenues by Source
Last Ten Fiscal Years

Expressed in Nominal Dollars

Fiscal Year Ended June 30	Ad Valorem Taxes	Other Taxes	Inter- Governmental Revenues	Licenses and Permits	Sales and Service	Investment Earnings	Miscellaneous	Total
2020	\$ 205,018,769	\$ 54,196,471	\$ 38,003,442	\$ 8,596,860	\$ 5,749,023	\$ 4,609,079	\$ 8,182,913	\$ 324,356,557
2019	200,033,303	51,043,188	36,880,791	7,372,469	6,546,595	4,764,823	13,543,304	320,184,473
2018	205,544,367	47,864,360	34,516,783	7,862,126	5,914,930	1,824,378	7,377,686	310,904,630
2017	195,274,372	46,480,879	36,527,796	7,227,386	4,599,967	451,706	7,583,456	298,145,562
2016	192,395,861	40,556,654	33,831,925	7,472,415	5,173,794	867,318	7,145,607	287,443,574
2015	194,255,775	36,225,000	31,928,468	6,783,000	5,182,376	467,683	7,433,477	282,275,779
2014	169,710,100	33,776,838	29,679,942	6,982,279	4,911,808	397,818	7,250,003	252,708,788
2013	162,147,454	30,663,987	31,130,202	6,098,103	4,398,686	122,634	7,171,956	241,733,022
2012	160,909,290	29,119,852	31,053,330	5,099,529	5,281,772	1,069,847	62,804,467	295,338,087
2011	159,650,925	26,757,213	30,829,071	4,371,446	5,083,297	707,344	4,027,650	231,426,946

Expressed in Constant Dollars

Fiscal Year Ended June 30	Ad Valorem Taxes	Other Taxes	Inter- Governmental Revenues	Licenses and Permits	Sales and Service	Investment Earnings	Miscellaneous	Total
2020	\$ 79,527,213	\$ 21,022,925	\$ 14,741,615	\$ 3,334,740	\$ 2,230,058	\$ 1,787,871	\$ 3,174,169	\$ 125,818,593
2019	78,094,386	19,927,614	14,398,516	2,878,263	2,555,836	1,860,220	5,287,400	125,002,234
2018	81,568,786	18,994,623	13,697,734	3,120,027	2,347,297	723,991	2,927,781	123,380,239
2017	79,718,467	18,975,273	14,912,043	2,950,495	1,877,882	184,404	3,095,857	121,714,422
2016	79,819,722	16,825,834	14,035,930	3,100,098	2,146,464	359,826	2,964,515	119,252,389
2015	81,401,862	15,179,896	13,379,457	2,842,381	2,171,647	195,980	3,114,959	118,286,182
2014	71,204,147	14,171,525	12,452,617	2,929,509	2,060,815	166,910	3,041,836	106,027,359
2013	69,440,975	13,132,104	13,331,764	2,611,563	1,883,773	52,519	3,071,449	103,524,146
2012	70,119,702	12,689,605	13,532,160	2,222,230	2,301,646	466,209	27,368,404	128,699,957
2011	70,729,005	11,854,056	13,657,982	1,936,650	2,252,017	313,370	1,784,341	102,527,421

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

Union County
North Carolina
Governmental Funds Expenditures by Function
Last Ten Fiscal Years

Expressed in Nominal Dollars									
Fiscal Year Ended June 30	General Government	Public Safety	Capital Outlay	Economic & Physical Development	Human Services	Education	Culture and Recreation	Debt Service	Total
2020	\$ 18,002,109	\$ 71,873,105	\$ 69,294,756	\$ 4,601,843	\$ 47,910,610	\$ 106,102,982	\$ 7,332,683	\$ 38,995,665	\$ 364,113,753
2019	14,665,382	67,937,224	59,785,746	4,534,087	45,941,860	103,194,389	8,027,154	57,195,352	361,281,194
2018	13,381,265	62,734,029	34,419,297	3,322,030	43,083,568	99,713,171	7,597,933	45,556,806	309,808,099
2017	13,165,184	57,008,242	39,935,681	2,813,512	43,900,232	97,247,541	6,888,443	45,859,147	306,817,982
2016	12,344,165	52,681,383	23,343,138	2,629,698	41,848,033	94,996,333	6,579,913	47,814,441	282,237,104
2015	11,254,881	48,720,595	22,134,201	2,565,477	40,496,633	89,885,541	6,278,455	48,336,997	269,672,780
2014	11,625,201	43,980,663	7,058,571	2,383,306	37,430,037	85,180,373	6,006,214	47,348,877	241,013,242
2013	11,493,384	39,134,681	11,208,917	2,158,639	36,855,320	82,882,387	5,791,576	51,778,771	241,303,675
2012	11,238,063	39,997,069	5,643,198	2,734,165	37,796,024	80,562,304	5,788,887	52,367,596	236,127,306
2011	11,487,049	35,812,639	13,941,595	3,534,815	37,826,248	80,781,286	5,554,470	50,793,162	239,731,264

Expressed in Constant Dollars									
Fiscal Year Ended June 30	General Government	Public Safety	Capital Outlay	Economic & Physical Development	Human Services	Education	Culture and Recreation	Debt Service	Total
2020	\$ 6,983,056	\$ 27,879,729	\$ 26,879,582	\$ 1,785,065	\$ 18,584,627	\$ 41,157,570	\$ 2,844,363	\$ 15,126,501	\$ 141,240,493
2019	5,725,467	26,523,162	23,340,769	1,770,139	17,936,020	40,287,804	3,133,856	22,329,461	141,046,679
2018	5,310,258	24,895,543	13,659,047	1,318,323	17,097,400	39,570,446	3,015,184	18,078,887	122,945,088
2017	5,374,532	23,272,945	16,303,272	1,148,583	17,921,754	39,700,166	2,812,126	18,721,458	125,254,835
2016	5,121,253	21,856,049	9,684,422	1,090,989	17,361,592	39,411,351	2,729,824	19,836,889	117,092,369
2015	4,716,299	20,416,109	9,275,221	1,075,050	16,969,901	37,666,064	2,630,954	20,255,365	113,004,961
2014	4,877,509	18,452,677	2,961,518	999,948	15,704,274	35,738,567	2,519,988	19,865,856	101,120,336
2013	4,922,136	16,759,748	4,800,310	924,455	15,783,593	35,495,061	2,480,290	22,174,683	103,340,275
2012	4,897,229	17,429,588	2,459,146	1,191,472	16,470,435	35,106,766	2,522,633	22,820,312	102,897,579
2011	5,089,025	15,865,817	6,176,445	1,566,004	16,757,892	35,787,954	2,460,757	22,502,531	106,206,424

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

Union County
Property Tax Levies and Current Collections
Last Ten Fiscal Years

Expressed in Nominal Dollars			
Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2020	\$ 197,546,817	\$ 196,786,125	99.6%
2019	192,056,954	191,557,613	99.7%
2018	198,297,575	197,993,083	99.8%
2017	188,432,411	187,912,101	99.7%
2016	184,680,886	184,123,235	99.7%
2015	187,119,188	186,043,063	99.4%
2014	162,787,247	160,654,217	98.7%
2013	156,181,568	153,431,297	98.2%
2012	155,268,603	152,028,139	97.9%
2011	153,958,954	150,315,372	97.6%

Expressed in Constant Dollars			
Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	
2020	\$ 76,628,827	\$ 76,333,753	
2019	74,980,364	74,785,418	
2018	78,692,949	78,572,113	
2017	76,925,317	76,712,907	
2016	76,618,992	76,387,638	
2015	78,411,313	77,960,368	
2014	68,299,571	67,404,630	
2013	66,886,035	65,708,209	
2012	67,661,651	66,249,549	
2011	68,207,332	66,593,142	

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

Union County
North Carolina
Demographic Statistics
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Population (1)	202,171	205,321	207,775	211,539	215,956	220,546	224,029	231,366	237,477	239,859
Per Capita Income (2)	\$ 36,770	\$ 39,611	\$ 39,417	\$ 43,224	\$ 46,456	\$ 47,729	\$ 49,648	\$ 51,802	N/A	N/A
Retail Sales (5) (000's omitted)	\$ 1,122,433	\$ 1,197,951	\$ 1,321,781	\$ 1,460,830	\$ 1,610,426	\$ 1,799,712	\$ 2,018,468	\$ 2,068,107	\$ 2,191,524	\$ 2,326,821
Final Avg. Daily Membership (3)	39,040	39,654	40,248	41,020	41,296	41,873	41,393	41,306	41,201	41,394
Unemployment Rate (4)	9.6%	8.6%	8.0%	6.2%	5.3%	4.3%	4.0%	3.6%	3.9%	6.1%

N/A = Not Available

Sources:

(1) North Carolina Demographic Unit

(2) United States Dept of Commerce, Bureau of Economic Analysis

(3) State Board of Education and DPI

(4) North Carolina Employment Security Commission

(5) North Carolina Department of Revenue

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

Union County, North Carolina
Top Ten Principal Taxpayers
For Year Ended June 30, 2020

Taxpayer	Type of Business	June 30, 2020			June 30, 2011		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Allegheny Technologies	Manufacturing	\$ 154,647,975	1	0.57%	\$ 316,413,338	3	1.37%
Union Electric Membership Corp.	Utility	122,817,379	2	0.45%	109,496,250	1	0.47%
Duke Power Company	Utility	100,295,486	3	0.37%	69,744,395	4	0.30%
Charlotte Pipe & Foundry Co. Inc.	Manufacturing	98,414,133	4	0.36%	111,122,130	2	0.48%
Piedmont Natural Gas Co. Inc.	Utility	54,952,711	5	0.20%	64,836,108	5	0.28%
AMH, NC Properties LP	Developer	52,764,900	6	0.19%	-	-	-
Consolidated Metco Inc.	Manufacturing	48,902,520	7	0.18%	-	-	-
William H reule Sr Revocable Trust	Developer	44,840,600	8	0.17%	-	-	-
ATI Powder Metals LLC	Manufacturing	43,389,541	9	0.16%	-	-	-
Greiner Bio-One North America	Manufacturing	41,734,246	10	0.15%	-	-	-
Atlas Union SPE LLC	Banking	-		-	90,690,530	6	0.39%
Sandler at Kensington LLC	Home Builder	-		-	46,556,230	7	0.20%
Pace / Dowd Properties LTD	Home Builder	-		-	38,860,705	8	0.17%
Walmart Real Estate Trust	Retail	-		-	35,926,610	9	0.16%
AEP Industries	Manufacturing	-		-	34,647,040	10	0.15%
		<u>\$ 762,759,491</u>		<u>2.80%</u>	<u>\$ 918,293,336</u>		<u>3.97%</u>
Total County-Wide Assessed Valuation		<u>\$ 27,064,764,098</u>			<u>\$ 23,131,707,907</u>		

Source: Union County, North Carolina Comprehensive Annual Financial Report for the year ended June 30, 2020.

Union County, North Carolina
Property Tax Rates - All Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Union County										
County-wide rate	0.6650	0.6650	0.6600	0.6600	0.7614	0.7765	0.7665	0.7810	0.7309	0.7309
Supplemental School Districts (Approved by the Voters)										
Monroe Schools District	-	-	-	-	-	-	-	-	-	-
County Schools District	-	-	-	-	-	-	-	-	-	-
Supplemental Fire Districts										
Hemby VFD	0.0476	0.0493	0.0526	0.0526	0.0526	0.0512	0.0485	0.0503	0.0488	0.0488
Springs VFD	0.0300	0.0315	0.0355	0.0355	0.0483	0.0474	0.0437	0.0567	0.0552	0.0552
Stallings VFD	0.0428	0.0428	0.0428	0.0428	0.0428	0.0509	0.0503	0.0503	0.0502	0.0502
Waxhaw VFD	0.0370	0.0372	0.0386	0.0386	0.0386	0.0380	0.0357	0.0413	0.0545	0.0545
Wesley VFD	0.0220	0.0220	0.0241	0.0241	0.0281	0.0282	0.0293	0.0293	0.0354	0.0354
Total County Rates										
Maximum	0.7126	0.7143	0.7126	0.7126	0.8140	0.8277	0.8168	0.8377	0.7861	0.7861
Minimum	0.6650	0.6650	0.6600	0.6600	0.7614	0.7765	0.7665	0.7810	0.7309	0.7309
Average	0.6888	0.6897	0.6863	0.6863	0.7877	0.8021	0.7917	0.8094	0.7585	0.7585
Cities and Towns										
City of Monroe	0.5550	0.5550	0.5550	0.5550	0.5550	0.5863	0.5863	0.5863	0.6163	0.6163
Downtown Monroe District	0.2000	0.2000	0.2000	0.2000	0.2000	0.2190	0.2190	0.2190	0.2190	0.2190
Town of Fairview	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Town of Hemby Bridge	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Town of Indian Trail	0.1450	0.1450	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850
Town of Marshville	0.4100	0.4100	0.4100	0.4800	0.4800	0.4800	0.4800	0.5100	0.5100	0.5100
Town of Mineral Sprints	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250
Town of Mint Hill	0.2750	0.2750	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Town of Stallings	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150
Town of Unionville	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Town of Waxhaw	0.3400	0.3400	0.3400	0.3400	0.3400	0.3600	0.3600	0.3600	0.3900	0.3850
Town of Weddington	0.0300	0.0300	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520
Town of Wingate	0.3900	0.3900	0.3900	0.3900	0.3900	0.4200	0.4200	0.4300	0.4300	0.4300
Village of Lake Park	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2400	0.2500
Village of Marvin	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Village of Wesley Chapel	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

Source: Union County Tax Assessor's Office

Union County, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government										
Personnel										
Number of full-time employees	804	790	822	821	820	864	864	898	951	1,013
Number of part-time employees	38	50	56	66	83	72	98	106	157	159
Elections										
Number of registered voters	125,401	129,821	136,500	139,836	138,597	145,645	148,448	154,300	150,789	160,261
Information Systems (and GIS)										
Number of people in system	1,214	1,230	1,313	1,397	1,239	1,242	1,257	1,883	1,772	1,815
General Services										
Number of vehicle service requests	1,040	1,031	1,113	1,721	3,805	4,501	4,629	4,462	4,552	4,518
Public safety										
Fire Services										
Number of volunteer fire personnel	550	550	550	550	500	500	500	500	500	500
Inspection										
Number of inspections	1,201	2,057	2,640	2,136	1,196	1,106	906	1,172	1,798	1,375
Human services										
Public Health										
Number of patients	13,426	11,952	9,408	8,237	8,142	6,786	10,198	8,904	6,497	4,382
Number of visits	25,907	23,869	23,650	20,729	20,681	15,716	17,508	15,099	12,728	10,667
Social Services										
Number of client visits	56,601	57,985	57,351	49,722	48,786	47,064	53,125	58,693	58,803	44,275
Transportation and Nutrition										
Number of trips	86,067	78,156	84,623	84,533	77,784	74,176	75,342	69,402	79,674	1,417
Congregate, home delivered and supplemental meals	82,324	71,276	69,835	60,968	68,573	70,497	75,134	71,963	66,978	101,619
Veterans' Services										
Number of visitors	3,431	3,178	3,451	3,479	3,598	3,652	3,576	3,556	3,628	3,048
Number of phone calls	11,155	11,907	12,374	12,564	11,734	12,166	11,047	11,215	12,472	12,464
Cultural and recreational										
Library										
Number of volumes	228,169	225,174	225,788	225,181	212,961	207,748	190,370	166,742	145,582	149,573
Education										
Number of licensed employees	2,834	2,555	3,192	3,192	2,928	3,054	3,019	2,603	3,111	3,117
Final Avg. Daily Membership	39,040	39,654	40,248	41,020	41,296	41,873	41,393	41,500	41,201	41,394
Business-type activities:										
Water and Sewer										
Average daily consumption in gallons (in 000's)	11,420	11,280	11,100	11,740	12,460	13,100	13,880	13,870	14,160	14,228
Number of water service connections	39,710	41,147	42,406	43,828	45,095	46,236	47,489	49,363	50,509	51,961
Number of sewer service connections	28,452	29,110	30,306	31,597	32,688	33,632	34,711	36,402	37,319	38,834

Source: Union County, North Carolina, Annual Financial Report for the year ended June 30, 2020.

Union County, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Tax Administration										
Number of tax parcels	107,287	108,297	108,297	109,941	110,998	113,574	118,525	117,378	118,431	125,580
Elections										
Number of precincts	52	52	52	52	52	52	52	52	52	52
Public safety										
Law Enforcement (and AC)										
Number of stations	8	8	8	8	8	8	8	8	8	8
Number of patrol units	309	318	318	N/A	N/A	332	335	278	284	299
Fire Services										
Number of stations-main	18	18	18	18	17	17	17	17	17	17
Number of stations-sub	7	7	7	7	8	8	8	8	8	8
Cultural and recreational										
Library										
Number of libraries	3	4	4	4	4	4	4	4	4	4
Parks and Recreation										
Number of parks	3	3	3	3	3	3	3	3	3	3
Number of acres in parks	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290
Number of acres in lakes	350	350	350	350	350	350	350	350	350	350
Education										
Number of schools	53	53	53	53	53	53	53	53	53	53
Number of classrooms	2,322	2,322	2,322	1,914	1,914	1,914	2,379	2,075	2,084	2,084
Business-type activities:										
Water and Sewer										
Number of fire hydrants	4,559	4,579	4,571	4,638	4,736	4,843	4,964	5,041	5,096	5,189
Miles of water mains	972	980	980	993	1,020	1,043	1,065	1,082	1,095	1,114
Miles of sewer mains	606	607	610	620	640	663	684	698	708	727

Source: Union County, North Carolina, Annual Financial Report for the year ended June 30, 2020.

Union County North Carolina Principal Employers For Year Ended June 30, 2020 and 2011
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Employer ⁽²⁾	2020			2011		
	Employees ⁽²⁾	Rank	Approximate Percentage of Total County Employment	Employees	Rank	Approximate Percentage of Total County Employment
Union County Schools	1,000+	1	1%+	1,000+	1	1%+
TDY Industries LLC	1,000+	2	1%+	1,000+	4	1%+
County of Union	1,000+	3	1%+	1,000+	3	1%+
Tyson Farms Inc.	1,000+	4	1%+	1,000+	2	1%+
Harris Teeter, Inc.	1,000+	5	1%+	500 - 999	5	<1%
Wal-Mart Associates, Inc.	500 - 999	6	<1%	500 - 999	6	<1%
Pilgrims Pride Corporation	500 - 999	7	<1%	250 - 499	9	<1%
City of Monroe	500 - 999	8	<1%	500 - 999	7	<1%
Wingate University	500 - 999	9	<1%	-	-	-
Food Lion	500 - 999	10	<1%	250 - 499	10	<1%
Charlotte Pipe & Foundry Company	-	-	-	250 - 499	8	1%+
			10%+			10%+
Total County Employment ⁽¹⁾	109,787			92,527		

Sources:

(1) Labor estimates provided by the Employment Security Commission of North Carolina as of June 30th each year.

(2) North Carolina Chamber of Commerce - data is for the 4th quarter of the preceding year.

Union County
North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Governmental Activities			Business -Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Debt	C.O.P.'s and Installment Financing	Total Governmental Activities	General Obligation Debt	Revenue Bonds	Other Long-term Obligations	Total Business-type Activities			
2020	\$ 380,695,049	\$ 50,249,706	\$ 430,944,755	\$ -	\$ 160,269,930	\$ -	\$ 160,269,930	591,214,685	N/A	\$2,465
2019	273,169,328	55,808,592	328,977,920	-	194,866,255	6,750,000	201,616,255	530,594,175	N/A	2,234
2018	314,233,363	62,571,111	376,804,474	-	121,096,288	7,500,000	128,596,288	505,400,762	N/A	2,184
2017	289,513,224	69,396,598	358,909,822	-	60,021,984	8,250,000	68,271,984	427,181,806	3.80%	1,907
2016	318,941,151	76,303,778	395,244,929	59,943	62,627,835	9,233,697	71,921,475	467,166,404	5.10%	2,118
2015	346,375,424	83,222,053	429,597,477	191,542	45,966,718	10,217,393	56,375,653	485,973,130	4.80%	2,250
2014	357,818,458	83,338,489	441,156,947	329,777	47,175,000	11,201,090	58,705,867	499,862,814	5.50%	2,362
2013	383,275,223	89,587,309	472,862,532	871,877	49,955,000	12,184,787	63,011,664	535,874,196	6.50%	2,544
2012	403,388,123	94,726,484	498,114,607	1,420,302	52,655,000	13,168,483	67,243,785	565,358,392	8.40%	2,746
2011	425,754,698	99,707,327	525,462,025	2,922,140	58,065,000	14,152,180	75,139,320	600,601,345	9.40%	2,976

N/A = Not Available

Source: Union County, North Carolina, Annual Financial Report for the year ended June 30, 2020.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2019 and June 30, 2020 income based information will be shown above as "N/A", and the June 30, 2019 information will be reported for the year ended June 30, 2021, if applicable.

Compliance Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report 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*

INDEPENDENT AUDITORS' REPORT

To the Union County Board of Education
Monroe, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 Union County Board of Education, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprises the Union County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Union County Board of Education's internal control over financial reporting (internal control) to determine the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 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 Union County Board of Education's financial statements are free of 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*November 20, 2020
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report On Compliance With Requirements Applicable to Each Major Federal Program
And Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and
the State Single Audit Implementation Act

INDEPENDENT AUDITORS' REPORT

To the Union County Board of Education
Monroe, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Union County Board of Education, North Carolina's 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 Union County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Union County Board of Education'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 Union County Board of Education'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 on the Union County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Union County Board of Education complied, in all material respects, with the 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 Union County Board of Education 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, we considered the Union County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Union County Board of Education'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.

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.

Anderson Smith & Wike PLLC

November 20, 2020
West End, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report On Compliance With Requirements Applicable to Each Major State
Program and Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and
The State Single Audit Implementation Act

INDEPENDENT AUDITORS' REPORT

To the Union County Board of Education
Monroe, North Carolina

Report on Compliance for Each Major State Program

We have audited Union County Board of Education, North Carolina's 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 Union County Board of Education's major State programs are identified in the summary of auditors' 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 Union County Board of Education'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, 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 Union County Board of Education'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 Union County Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Union County Board of Education complied, in all material respects, with the 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 Union County Board of Education 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 Union County Board of Education'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 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 Union County Board of Education's internal control over compliance.

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

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.

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.

Anderson Smith & Wike PLLC

*November 20, 2020
West End, North Carolina*

**UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Noncompliance material to financial statements noted	<i>No</i>

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Type of auditors' report issued on compliance for major federal programs	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<i>No</i>
Identification of major federal programs:	

CFDA Numbers	Names of Federal Program or Cluster
---------------------	--

84.374A	Teacher Incentive Fund
84.010	Title I, Grants to Local Educational Agencies
84.367	Supporting Effective Instruction
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs	<u><i>\$ 1,017,000</i></u>
Auditee qualified as low-risk auditee?	<i>Yes</i>

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditors' Results (Continued)
State Awards

Internal control over major State programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None Reported*

Type of auditors' 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 *No*

Identification of major State programs:

Program Name

State Public School Fund
State COVID-19 Supplemental Funds

Section II - Financial Statement Findings

No findings were noted that are required to be reported under *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

No findings and questioned costs related to the audit of federal awards aggregating \$25,000 or more were noted.

Section IV - State Award Findings and Questioned Costs

No findings and questioned costs related to the audit of State awards aggregating \$25,000 or more were noted.

***UNION COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2020***

There were no audit findings reported in the prior year.

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Noncash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	035	\$ 1,035,123
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	035	1,257,920
National School Lunch Program	10.555	035	4,218,391
Seamless Summer Program	10.555	035	1,154,856
Cash Assistance Subtotal			6,631,167
Total Child Nutrition Cluster:			7,666,290
Fresh Fruit and Vegetable Grant	10.582		40,349
Child Nutrition Discretionary Funds	10.579	053	7,425
Total School Nutrition Program (Note 3)			7,714,064
Total U.S. Department of Agriculture			7,714,064
<u>U.S. Department of Education</u>			
Direct Programs:			
Teacher Incentive Fund	84.374A		9,173,896
LEGEND: Learner Engagement and Interventions Driving Student Success	84.184G		108,467
Total U.S. Department of Education Direct Programs			9,282,363
<u>Office of Elementary and Secondary Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I - Educationally Deprived Children	84.010	050	4,911,395
Supporting Effective Instruction	84.367	103	680,739
English Language Acquisition Grants	84.365	104	379,205
Student Support and Academic Enrichment	84.424	108	304,566

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
Education for the Handicapped	84.027	060	8,523,067
Education for the Handicapped - Targeted Assistance	84.027	118	10,659
Children with Special Needs	84.027	114	48,279
Preschool Handicapped	84.173	049	142,600
Preschool Targeted Assistance	84.173	119	7,628
Total Special Education Cluster			<u>8,732,233</u>
Special Education - State Personnel Development	84.323	082	<u>3,416</u>
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied			
Technology Education Act Amendments of 1990			
Basic Grants to States			
Program Development	84.048	017	<u>426,207</u>
Total U. S. Department of Education			<u>24,720,124</u>
<u>U.S. Department of Justice</u>			
Passed-through the Town of Waxhaw:			
School Violence Prevention Program	16.710		<u>241,906</u>
<u>U. S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>307,564</u>
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget:			
N.C. Pandemic Recovery Office:			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus Relief Fund	21.019		
School Nutrition		PRC 125	<u>923,196</u>
Total federal assistance			<u>33,906,854</u>

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
For the Year Ended June 30, 2020

State Grants:

N.C. Department of Public Instruction:

State Public School Fund		226,593,813
Driving Training - SPSF	012	832,511
School Technology Fund - SPSF	015	1,227,845
State appropriations - buses (noncash)		456,440
Vocational Education		
State Months of Employment	013	12,515,395
Program Support Funds	014	1,671,690
		<hr/>
Total N.C. Department of Public Instruction		243,297,694

N.C. Department of Agriculture:

State Kindergarten Breakfast Program		17,058
		<hr/>
Total State assistance		243,314,752
		<hr/>
Total federal and State assistance		\$ 277,221,606
		<hr/>

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Union County 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 Union County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Union County Schools.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Union County Schools has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Cluster of Programs

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