



Comprehensive Annual Financial Report

For the Fiscal Year ended June 30, 2020

*Chapel Hill – Carrboro City Board of Education
750 S. Merritt Mill Rd., Chapel Hill, North Carolina 27516*

**Comprehensive Annual Financial Report
Chapel Hill – Carrboro City
Board of Education**

Year Ended June 30, 2020

**Chapel Hill – Carrboro City Schools
Chapel Hill, N.C.**

Principal Officers

Dr. Jim Causby, Interim Superintendent

Ms. Jessica O’Donovan, Assistant Superintendent for Instructional Services

Mr. Patrick Abele, Assistant Superintendent for Support Services

Mr. Jonathan Scott, Interim Chief Financial Officer

Mr. Jeff Nash, Public Information Officer

Dr. Charlos Banks, Senior Executive Director of Student Services

Ms. Erika Newkirk, Senior Executive Director of Human Resources

Dr. Misti Williams, Senior Executive Director of Leadership and Strategy

Mr. Lee Williams, Executive Director of Equity and Inclusion

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2020**

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**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
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Introductory Section



Letter of Transmittal

December 31, 2020

To the members of the Chapel Hill – Carrboro City Board of Education and the citizens of Chapel Hill, Carrboro, and Orange County, North Carolina.

In compliance with the Public School Laws of North Carolina, The Comprehensive Annual Financial Report (CAFR) of the Chapel Hill-Carrboro City Board of Education, operating as the “Chapel Hill – Carrboro City Schools,” for the fiscal year that ended June 30, 2020, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Interim Superintendent of schools and the Interim Chief Financial Officer.

Management’s discussion and analysis (MD&A) follows the independent auditors’ report and provides a narrative introduction as well as an overview and analysis of the basic financial statements. The MD&A should be read in conjunction with this letter of transmittal.

The Budget and Finance Department, with assistance from other departments, has prepared the report in accordance with generally accepted accounting principles. We believe the data presented is accurate in all material respects and that it is presented in a manner designated to fairly reflect 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.

Reporting Entity

The Chapel Hill – Carrboro City Board of Education is a separate governmental entity providing public elementary and secondary education to students of the Chapel Hill and Carrboro Townships in North Carolina. The Board has no tax levying authority or borrowing authority. The County levies taxes but cannot govern the Board’s budget allocated for schools. The County levies all taxes and manages all debt related to the school system. The County does not share in any surpluses generated by the District nor is required to finance any deficits of the school system. Consequently, the Board is not fiscally dependent on the County and is recognized as a primary government entity.

The Board receives State and Federal government funding and must comply with the legal requirements of each funding entity. North Carolina statute 115C-40 empowers the publicly elected Chapel Hill – Carrboro City Board of Education with general control and supervision of all matters pertaining to the schools in the system.

North Carolina's legislation authorized charter schools as an alternative to traditional public schools. Students whose residence is within the Chapel Hill and Carrboro Townships are eligible to have the per-pupil County appropriated funding sent to their respective charter schools. Although the County funds pass through the Board, the Board has no authority or responsibility related to the charter schools, and therefore, they are not component units of the Board. The Board does not have any component units nor is it a component unit of any other entity.

The Board consists of seven 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.

Economic Condition and Outlook

Chapel Hill - Carrboro City Schools (CHCCS) serves students in the Chapel Hill and Carrboro townships and is located in Orange County, North Carolina. The Chapel Hill – Carrboro community is known for its southern charm and village-like environment. It is the home of the University of North Carolina (UNC) at Chapel Hill and UNC Hospitals, both nationally known institutions. The Chapel Hill and Carrboro communities are considered great places to live.

The school district is a part of the Research Triangle Region consisting of Orange, Durham, and Wake counties. This 7,000 acre region continues to be rated as one of the nation's top-ranked areas to live because of the overall quality of life. The prominent Research Triangle Park (RTP) is regarded as the leading and largest high technology research and science park in the country. RTP is home to over 300 companies, employing over 55,000 employees, 10,000 contractors, and promotes research collaborations between the higher learning institutions in the region, such as UNC and Duke University, that have led to groundbreaking innovations documented by thousands of patents and trademarks. University-based research is a key factor to economic growth in the Research Triangle region accounting for \$3.7 billion in annual spending.

Orange County had an estimated 2019 population of 148,476, with an average growth rate of 4.8% over the past five years. Orange County includes Hillsborough, the county seat, and the towns of Chapel Hill, Carrboro, and Mebane. Chapel Hill has the largest municipal population with 59,606 residents and Carrboro has the second largest population with 21,864. Together, the two townships represent approximately 56% of the total population in Orange County. Orange County is the 19th largest county, by population, of the 100 counties in the State of North Carolina.

The leading industries in Orange County continue to be educational services, health care and social assistance, 54%; professional, scientific, management, administrative, retail, and waste management services, 19%; arts, entertainment, recreation, accommodation and food services, 18%; and, all others 9%. Orange County's per capita personal income is the highest in North Carolina at \$67,384. Orange County continues to be an attractive place to live and offers a great deal of diversity.

CHCCS is one of two public school systems residing in Orange County along with two public charter schools. During the 2019-2020 school year, the District operated four high schools, four middle schools, eleven elementary schools, and a hospital school. The District had an average daily membership of 12,270 for 2019-2020. The District's budgeted student enrollment for the current year is 12,274 students. The current enrollment is 4 students under the projection. Total Orange County student enrollment for 2019-2020 was 20,408 including the 2 charter schools.

CHCCS' school buildings were built between 1952 and 2013. The District has a backlog of deferred maintenance and repair needs at the older facilities and the county provided \$1.9 million of funding dedicated towards those deferred maintenance efforts in FY 2019-20. A Capital Investment Plan that establishes a plan to renovate and repair all of our older schools over the next 10 years is maintained from year to year. Adequate funding to meet the scheduled renovations continues to be a challenge, especially with current State class-size mandated requirements needing to be implemented. The District is working aggressively with the County to resolve our potential capacity issues. See the Statistical Section of this report for more detailed data on our school buildings. The 2013 Comprehensive Facility Assessment identified over \$50M dollars of immediate needs and an additional \$300M of needs in order to renovate older schools, update them to state capacity standards and to expand capacity for future student membership growth. The District is currently evaluating school renovation needs as part of the long-range capital plans.

The County's unemployment rate of 6.0% in June 2020 increased slightly from 2019. Orange County's unemployment rate was lower than the State's reported June 2020 rate of 7.9%. With an average unemployment rate of 4.4% over the last five years, the economic stability of the region is still evidenced by an unemployment rate lower than the State or national average. Overall, the County's tax base is 80% residential and 20% commercial.

The North Carolina General assembly made minimal gains to raise the State's average teacher salary in 2019-20. The beginning teacher salary remained at \$35,000 and only some teachers received an adjustment in their pay based on years' experience. All other employees' salaries remained unchanged from the prior year. The State also provided funding for teacher bonuses in select subjects based on student growth or performance. North Carolina's average teacher pay still continues to lag behind the national average.

The County continued its strong support for public education and provided a \$187 per pupil increase (4.5%), and funded student enrollment growth which increased revenues by just over \$1.8 million in the Local fund in FY 2019-20. The special district tax rate remained at \$.2018 in 2019-20 and provided similar revenue increasing around \$132 thousand. The Board appropriated \$3.1 million to balance the Local budget, however the need for those funds was not realized due to cost saving measures taken to maximize State revenue sources during the year.

Cost increases in State retirement employer match rates (.84%) and health insurance match rates (\$250 per person) in the 2019-20 budget continue to greatly impact school district budgets across the state. Funds are needed to be matched by local counties for staff not paid from State funds which has resulted in a loss of purchasing power in other areas of the budget as those rates continue to climb. The rate increases are set by the State's legislature and are mandatory.

Orange County continues to make education funding a fiscal priority. Nearly half of the county's budget is earmarked to the two public school systems. Funds for the charter schools flow through the public school systems as required under State general statute.

Major Instructional Initiatives

The District is in the second year of its Strategic Plan for FY 2019-2021. Our main goals are to Empower, Inspire, and Engage EVERY CHILD in our district. We have four main areas of focus: Student Success, Employee Experience, Family and Community Engagement and Organizational Effectiveness. We opened an Office of Equity and Inclusion and in FY 2019-2020 began a concerted effort towards equity training in our District and entire county through joint efforts with Orange County schools and the Orange County government. CHCCS has also prioritized professional development in Literacy/Language Arts and partnered with higher education institutions to offer graduate level coursework to our teachers and create pathways of dual certification in key areas, including English as a Second Language, Gifted Education, and Exceptional Children. In addition to developing a district instructional framework based on high yield, culturally responsive strategies, we have also implemented a new Community Code of Character, Conduct and Support to create equity-centered learning environments in every classroom.

The District achieved a 92.7% cohort graduation rate in 2019-2020 compared to 87.6% for the State.

CHCCS remains one of the top-ranked public school districts in the United States and in North Carolina. The District has maintained its ranking as a high performing school district and has one of the highest SAT and ACT average scores in the State of North Carolina.

Major Financial Initiatives

The District is well underway with a major renovation of Chapel Hill High School with funding from a bond referendum. The \$72 million from the 2016 bond referendum, plus some additional reserve funds from the District of about \$1 million, will be needed to complete the project.

The District remains financially stable, has an adequate fund balance, and continues to strategically utilize district resources to provide an excellent education for students in Chapel Hill and Carrboro.

Accounting System

In order to provide a challenging and engaging learning experience to the students attending CHCCS, the Board must use a variety of funding resources, 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 into one accounting entity. Instead, the accounting system is comprised of three separate entities, each referred to as a "fund." The board's funds are divided into governmental, proprietary, and fiduciary types. Each fund is a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities in accordance with the law, good accounting practices, special regulations, or other limitations. Governmental fund types include general, special revenue, and capital projects.

The enterprise funds: Child Nutrition and Child Care comprise the proprietary fund types. The agency fund comprises the fiduciary fund.

Internal Controls

The District's fiscal activities are governed by the North Carolina School Budget and Fiscal Control Act which requires a pre-audit procedure to ensure funds are available for expenditures. The accounting records for the general, special revenue, and capital projects, are maintained on a modified accrual basis while the enterprise funds are presented on a full accrual basis. Because the cost of a control should not exceed the benefits to be derived, the internal controls provide reasonable, but not absolute, assurance that assets will be safeguarded against loss from theft, loss, or fraud, and to ensure the reliability of financial records for preparation of financial statements. The Finance Office is responsible for establishing and maintaining an internal control system.

Budgetary Control

The general statutes of North Carolina require all governmental agencies to adopt balanced budgets each July 1. The Board approves the annual budget by State defined funds, functions, and program report codes. Funds are encumbered in the budget for purchasing obligations. In all fund codes except special revenue funds, outstanding encumbrances are carried forward to the next fiscal year and the respective budgets are also carried forward.

The budget serves as the basis for the District's financial planning and control. The Superintendent is authorized to approve budget transfers within all functions. Board policies govern the Superintendent's level of authority to move funds without prior Board approval. The Board ratifies all budget transfers not requiring prior Board approval at a subsequent time. Transfers that alter the total budget by fund code must have prior approval by the school board.

It is customary in the Chapel Hill – Carrboro City School System to encourage schools and departments to spend as needed for instructional purposes and to implement cost saving measures wherever possible. Salaries and benefits budgets are managed at the Central Office level as a budget constraint to minimize reversions of State and Federal funds at most functional levels in the budget due to staff attrition. Lapsed salaries are available to schools for temporary hires as vacancies are recruited and filled. Positions are allotted to schools based on enrollment and programming. Fund balance stability is crucial to cash flow due to the cyclical nature of some revenue sources in the General Fund. This practice creates a positive variance at most purpose levels in the comparison of the amended budget and actual results.

The 2019-20 General fund ended the year with an unassigned fund balance of \$10.9 million. Due to the uncertainty in the State budget the District implemented some cost savings strategies to ensure it did not need its appropriation of \$3.1 million choosing to reserve those funds to guard against those funding uncertainties. This provides the Board a balance of about 5.2% of total expenditures.

Independent Audit

North Carolina General Statutes require an annual independent audit by independent certified public accountants. Anderson Smith & Wike PLLC, a firm of independent certified public accountants,

has audited the financial statements and has issued an unmodified opinion which is included in the financial section of this report. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Uniform Guidance. The auditors' report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report.

Awards

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Chapel Hill-Carrboro City Board of Education for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This award is a national program that provides unique professional recognition in the preparation and issuance of CAFRs by school systems.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Chapel Hill-Carrboro City Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded these certificates a government unit 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. These awards are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the ASBO and GFOA requirements and we are submitting it to ASBO and GFOA to determine its eligibility for renewed rewards.

Acknowledgments

Staff in the Budget and Finance Office prepared this report with assistance from personnel from other District administrative offices, the Orange County Finance Office, and our independent audit firm. Sincere appreciation is extended to everyone who assisted in any way to the development of this CAFR.

We thank the Chapel Hill – Carrboro City Board of Education for its commitment to providing a quality education for all students as well their commitment to maintaining the financial stability of the school district. We also extend our sincere thanks to the Orange County Commissioners for their continued support for Chapel Hill – Carrboro City Schools.

Respectfully submitted,



Dr. Jim Causby
Interim Superintendent



Jonathan Scott
Interim Chief Financial Officer

Organizational Chart

Office of the Superintendent

| | |
|-------------------|--|
| Jim Causby | Interim Superintendent |
| Jeff Nash | Public Information Officer (PIO) |
| Julie Hennis | Coordinator, Volunteers |
| Misti Williams | Senior Executive Director, Leadership & Strategy |
| Lee Williams | Executive Director, Equity and Inclusion |
| VACANT | Executive Director, Professional Learning |

Business and Financial Services Division

| | |
|-----------------------|--|
| Jonathan Scott | Interim Chief Finance Officer (CFO) |
| Liz Cartano | Director, School Nutrition |
| VACANT | Director, Business and Financial Services |

Human Resources Division

| | |
|-------------------------|---|
| Erika Newkirk | Senior Executive Director, Human Resources |
| Quamesha Whitted-Miller | Director, Benefits & Operations |
| Sherri Morris | Director, Talent Acquisition & HR Programming |

Instructional Services Division

| | |
|--------------------------|---|
| Jessica O'Donovan | Assistant Superintendent, Instructional Services |
| Roslyn Moffitt | Director, Title I & Family & Community Engagement |
| Kate Kennedy | Director, Gifted Education |
| Tim Gibson | Executive Director, Elementary Schools & Special Programs |
| Debby Atwater | Director, Digital Learning and Library Services |
| VACANT | Director, HeadStart/Pre-K |
| Thea Wilson | Coordinator, Preschool Disabilities/Early Intervention |
| Helen Atkins | Coordinator, English as a Second Language and Dual Language |
| Quincy Williams | Executive Director, Secondary Schools & Special Programs (AVID/MC/MSAS) |
| Christy Stanley | Director, 6-12 Humanities (English Language Arts, Social Studies, World Language) |
| Debby Atwater | Director, Digital Learning and Library Services |
| Kathi Breweur | Director, Career and Technical Education |
| Brenda Whiteman | Coordinator, Arts (P/T) |

Support Services Division

| | |
|----------------------|---|
| Patrick Abele | Assistant Superintendent, Support Services |
| Eric Allen | Executive Director, Facilities Management |
| Brad Johnson | Director, Transportation |
| Dave Scott | Director, Technical Services |
| Doug Noel | Director, Information Technology Operations |
| Scarlett Steinert | Director, School Safety & Athletics |
| Dan Schnitzer | Director, Sustainability and Capital Projects |

Student Services

| | |
|---------------------|---|
| Carlos Banks | Senior Executive Director, Student Services |
| Diane Villwock | Executive Director, Assessment and Research |
| Carolyn Gilbert | Director, Student Data and Research |
| Scott Fearington | Director, Community Schools (Elementary) |
| Catherine Mau | Coordinator, Student Enrollment |
| Lessley Mader | Executive Director, Exceptional Children and System of Care |
| Janet Cherry | Director, System of Care |
| David Bouldin | Coordinator, Exceptional Children Compliance and Education Programs |
| Tracy Sanders | Coordinator, Nurses and Homebound |
| Vernon Hall | Coordinator, Social and Emotional Learning |
| VACANT | Coordinator, Exceptional Children Secondary General Curriculum |
| VACANT | Coordinator, Exceptional Children Elementary General Curriculum |

Chapel Hill – Carrboro City Schools Board of Education

The Board of Education is comprised of those community members elected to set policy and direction for the local school district. The Chapel Hill-Carrboro City Schools Board of Education includes seven members who serve four-year terms.

CHCCS School Board's Mission Statement:

To facilitate the CHCCS Mission by establishing and maintaining policies that are in the best interest of our students, communicating and engaging with key stakeholders, and hiring and collaborating with the district superintendent.

**Mary Ann Wolf,
Chair**

mawolf@chccs.k12.nc.us



**Amy Fowler,
Vice Chair**

afowler@chccs.k12.nc.us



Ashton Powell

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Deon Temne

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Jillian LaSerna

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Joal Broun

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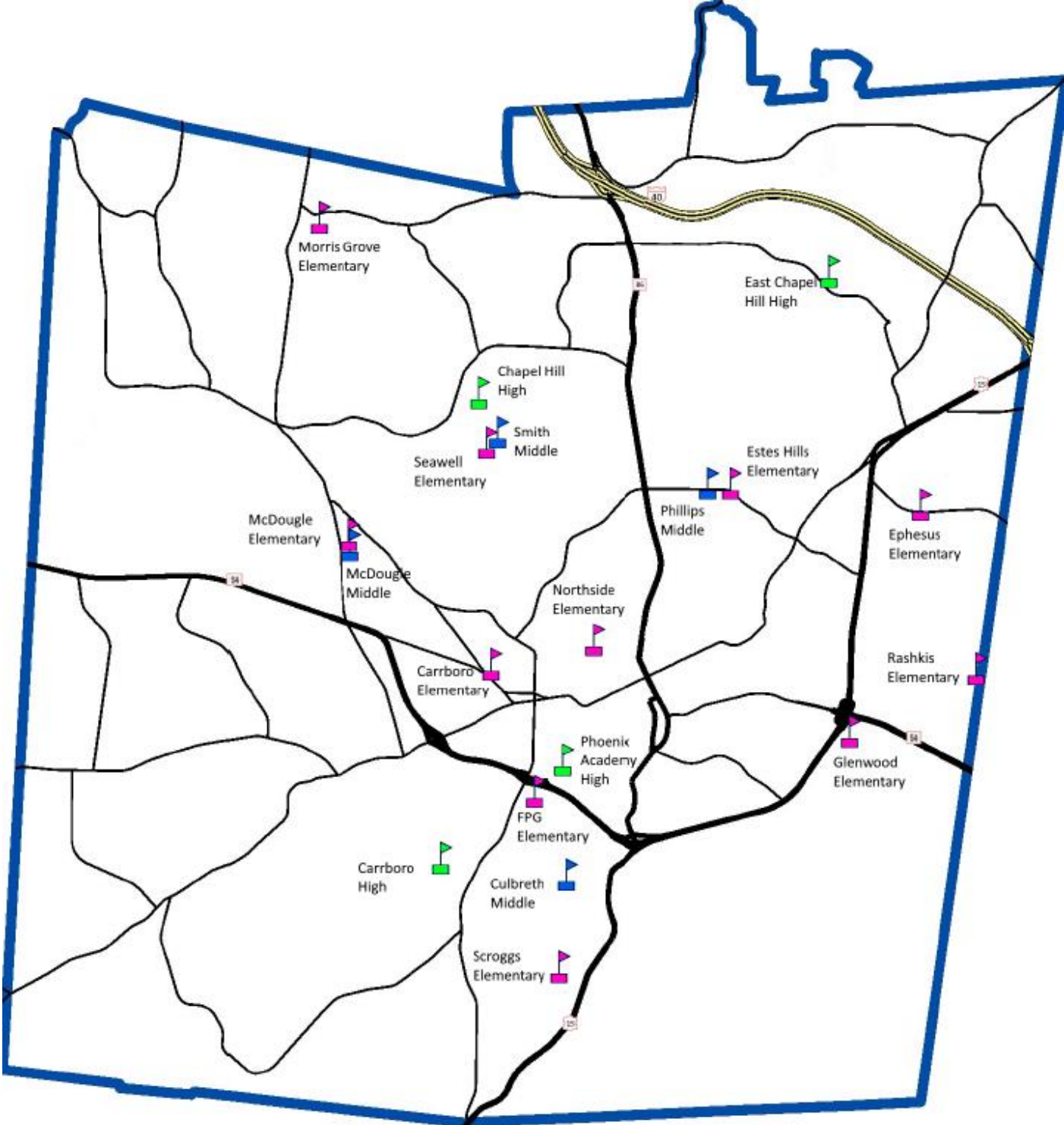


Rani Dasi

rdasi@chccs.k12.nc.us



Chapel Hill-Carrboro City Schools District Map





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Chapel Hill-Carrboro City
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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

**Chapel Hill-Carrboro City
Board of Education**

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Financial Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Chapel Hill-Carrboro City Board of Education
Chapel Hill, 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 Chapel Hill-Carrboro City Board of Education, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 Chapel Hill-Carrboro City 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 9 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 49 through 54, 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 Chapel Hill-Carrboro City Board of Education's basic financial statements. The introductory section, individual fund financial statement, budgetary schedules and other schedule, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statement and budgetary schedules and other schedule 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 financial statement and budgetary schedules and other schedule 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 19, 2020 on our consideration of the Chapel Hill-Carrboro City 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 Chapel Hill-Carrboro City Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 19, 2020
Rockingham, North Carolina

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

For the fiscal year ended June 30, 2020, the Board's total government-wide net position increased by \$31.4 million. Governmental activities net position increased by \$30.9 million and business-type activities net position increased by \$501,000.

- Total government-wide net investment in capital assets increased by \$29.1 million, or 15.5%, over the prior year. Governmental activities net investment in capital assets increased by \$29.2 million and business-type activities net investment in capital assets decreased by \$69,000.
- The Board's total government-wide restricted net position decreased by \$937,000 from the prior year.
- The Board's total government-wide unrestricted net position at June 30, 2020 increased by \$3.3 million over the prior year.
- The fiscal management of the district and its resource management are aligned to the district's strategic plan and support all main goals of the plan: Student Success, Family & Community Engagement, Employee Experience, and Organizational Effectiveness.
- Financial reporting awards from the Association of School Business Officials International and the Government Finance Officers Association were received for the 2019 year.

Overview of the Financial Statements

The audited financial statements of the Chapel Hill-Carrboro City 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.*
- *Supplementary section that presents individual and combining fund statements and 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, proprietary fund and fiduciary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near-term inflows and outflows of financial resources and what is available at year-end to spend in the

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

next fiscal year. The proprietary and fiduciary 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, deferred outflows of resources, liabilities and deferred inflows of resources. 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 County's and City districts' property tax bases 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 and City district funding and State and federal aid finance most of these activities.
- *Business-type activities:* The Board charges fees to help it cover the costs of certain services it provides. School food service is included here.

The government-wide statements are 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.

Chapel Hill-Carrboro City Board of Education has three 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 government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Other Special Revenue 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. The Chapel Hill-Carrboro City Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Chapel Hill-Carrboro City Board of Education has one fiduciary fund – an Agency Fund. The Agency Fund is used to account for moneys held for the Employee Flexible Spending Account which accounts for monies voluntarily withheld from employees' wages to pay for child care and medical expenses not covered under the employees' medical insurance. The fiduciary fund statement is shown as Exhibit 10.

Financial Analysis of the Board as a Whole

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$51.1 million as of June 30, 2020 as compared to \$82.6 million as of June 30, 2019.

Following is a summary of the Statement of Net Position at 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 | \$ 33,396,069 | \$ 27,050,832 | \$ 2,014,192 | \$ 1,600,915 | \$ 35,410,261 | \$ 28,651,747 |
| Capital assets | 217,014,591 | 187,968,573 | 453,262 | 521,987 | 217,467,853 | 188,490,560 |
| Total assets | <u>250,410,660</u> | <u>215,019,405</u> | <u>2,467,454</u> | <u>2,122,902</u> | <u>252,878,114</u> | <u>217,142,307</u> |
| Deferred outflows of resources | 45,535,463 | 46,577,918 | 647,532 | 707,676 | 46,182,995 | 47,285,594 |
| Current liabilities | 14,075,171 | 13,048,305 | 650,187 | 594,754 | 14,725,358 | 13,643,059 |
| Long-term liabilities | 259,247,607 | 240,334,314 | 3,684,762 | 3,635,988 | 262,932,369 | 243,970,302 |
| Total liabilities | <u>273,322,778</u> | <u>253,382,619</u> | <u>4,334,949</u> | <u>4,230,742</u> | <u>277,657,727</u> | <u>257,613,361</u> |
| Deferred inflows of resources | 71,496,266 | 88,035,513 | 1,016,703 | 1,337,557 | 72,512,969 | 89,373,070 |
| Net investment in capital assets | 216,820,123 | 187,623,578 | 453,262 | 521,987 | 217,273,385 | 188,145,565 |
| Restricted net position | 4,917,092 | 5,851,605 | 9,038 | 11,747 | 4,926,130 | 5,863,352 |
| Unrestricted net position (deficit) | <u>(270,610,136)</u> | <u>(273,295,992)</u> | <u>(2,698,966)</u> | <u>(3,271,455)</u> | <u>(273,309,102)</u> | <u>(276,567,447)</u> |
| Total net position (deficit) | <u>\$ (48,872,921)</u> | <u>\$ (79,820,809)</u> | <u>\$ (2,236,666)</u> | <u>\$ (2,737,721)</u> | <u>\$ (51,109,587)</u> | <u>\$ (82,558,530)</u> |

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities increased \$30.9 million during the year, from \$(79.8) million at June 30, 2019 to \$(48.9) million at June 30, 2020, indicating an improvement in the financial condition of the Board. Restricted net position decreased by \$935,000 while unrestricted net position increased by \$2.7 million over the prior year. Net investment in capital assets increased \$29.2 million due to an excess of capital additions over depreciation expense for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
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proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

Net position of the Board's business-type activities increased \$501,000 during the year. This is the combined net profit generated by our school food service and child care operations during the 2020 fiscal year.

Following is a condensed Statement of Activities for the current and prior fiscal years:

**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 | \$ 2,046,244 | \$ 3,008,163 | \$ 3,096,190 | \$ 3,893,406 | \$ 5,142,434 | \$ 6,901,569 |
| Operating grants and contributions | 81,803,744 | 80,806,884 | 2,719,248 | 2,401,813 | 84,522,992 | 83,208,697 |
| Capital grants and contributions | 150,527 | 193,580 | - | - | 150,527 | 193,580 |
| General revenues: | | | | | | |
| Other revenues | 125,244,137 | 107,623,406 | - | - | 125,244,137 | 107,623,406 |
| Total revenues | <u>209,244,652</u> | <u>191,632,033</u> | <u>5,815,438</u> | <u>6,295,219</u> | <u>215,060,090</u> | <u>197,927,252</u> |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| Instructional services | 138,146,302 | 131,036,239 | - | - | 138,146,302 | 131,036,239 |
| System-wide support services | 32,186,498 | 30,088,691 | - | - | 32,186,498 | 30,088,691 |
| Ancillary services | 145,254 | 80,787 | - | - | 145,254 | 80,787 |
| Payments to other governments | 754,422 | 696,636 | - | - | 754,422 | 696,636 |
| Unallocated depreciation | 6,748,407 | 6,712,646 | - | - | 6,748,407 | 6,712,646 |
| Business-type activities: | | | | | | |
| School food service | - | - | 4,125,552 | 4,097,841 | 4,125,552 | 4,097,841 |
| Child care | - | - | 1,504,712 | 1,734,825 | 1,504,712 | 1,734,825 |
| Total expenses | <u>177,980,883</u> | <u>168,614,999</u> | <u>5,630,264</u> | <u>5,832,666</u> | <u>183,611,147</u> | <u>174,447,665</u> |
| Excess (deficiency) before transfers | 31,263,769 | 23,017,034 | 185,174 | 462,553 | 31,448,943 | 23,479,587 |
| Transfers in (out) | (315,881) | (96,565) | 315,881 | 96,565 | - | - |
| Increase (decrease) in net position | 30,947,888 | 22,920,469 | 501,055 | 559,118 | 31,448,943 | 23,479,587 |
| Beginning net position (deficit) | (79,820,809) | (102,741,278) | (2,737,721) | (3,296,839) | (82,558,530) | (106,038,117) |
| Ending net position (deficit) | <u>\$ (48,872,921)</u> | <u>\$ (79,820,809)</u> | <u>\$ (2,236,666)</u> | <u>\$ (2,737,721)</u> | <u>\$ (51,109,587)</u> | <u>\$ (82,558,530)</u> |

Total governmental activities generated revenues of \$209.2 million while expenses in this category totaled \$178.0 million for the year ended June 30, 2020, resulting in an increase in net position of \$30.9 million (including net transfers to business-type activities of \$316,000). Comparatively, revenues were \$191.6 million, expenses totaled \$168.6 million and net transfers out were \$97,000 for the year ended June 30, 2019, resulting in an increase in net position of \$22.9 million. In comparing the two years, revenues from Orange County for a construction project at Chapel Hill High School increased over the prior year accounting for the majority of the change in revenues. The district also received a \$1.8 million increase in local current expense appropriations from Orange County. The rise in expenses is primarily attributable to a \$7.0 million year-over-year increase in pension and OPEB expense.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The Board's primary sources of revenues were funding from the State of North Carolina, Orange County, Chapel Hill and Carrboro townships and the United States Government, which respectively comprised 36.1%, 46.9%, 11.6% and 2.2% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 77.5% of our total expenses during the most recent fiscal year. Of the remaining 22.5% of our total expenses, 18.2% was attributable to system-wide support services.

Our business-type activities generated revenues of \$5.8 million, while expenses in this category totaled \$5.6 million and net transfers in from governmental activities totaled \$316,000 for the year ended June 30, 2020. For the year, net position increased by \$501,000. Comparatively, revenues were \$6.3 million, expenses were \$5.8 million and net transfers in from governmental activities totaled \$97,000 for the year ended June 30, 2019, resulting in an increase in net position of \$559,000. In comparing the two years, revenues declined \$480,000, or 7.6%, while expenses declined \$202,000, or 3.5%. School closed in mid-March 2020 due to the Covid-19 pandemic. Both revenues and expenses decreased as a result of the early school closure.

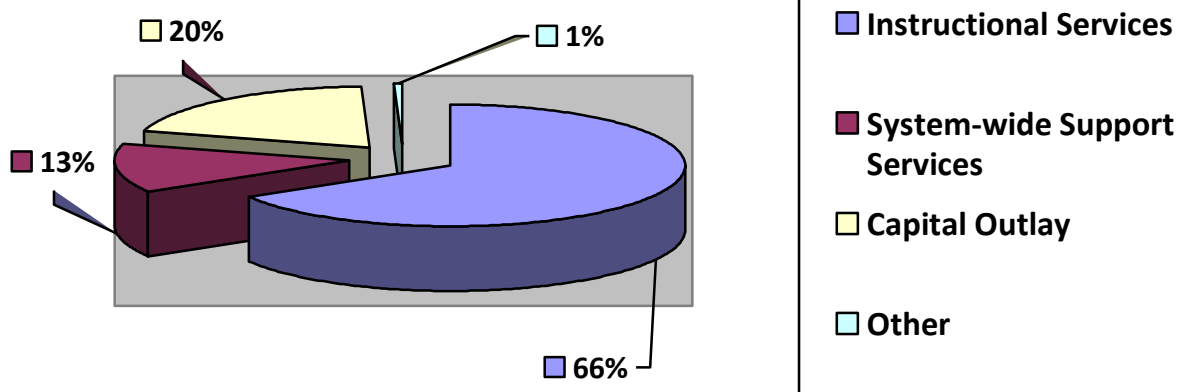
Financial Analysis of the Board's Funds

Governmental Funds: The focus of Chapel Hill-Carrboro City 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 \$23.4 million at June 30, 2020, an increase of \$5.2 million over the \$18.2 million reported at June 30, 2019. The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these two funds are expended in the year received. Combined revenues (and expenditures) in these two funds totaled \$78.4 million for the year ended June 30, 2020 and \$78.1 million for the year ended June 30, 2019, an increase of \$267,000, or 0.3%.

Fund balance in the Capital Outlay Fund increased \$643,000, ending the year at \$2.2 million. As previously mentioned, revenues increased significantly during the year due to funding received from Orange County and expended for a construction project at Chapel Hill High School. Virtually all of the Board's capital outlay funding is provided by the County.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Funds: The Board's business-type funds, the School Food Service and Child Care funds, reported a combined increase in net position of \$501,000 for the year ended June 30, 2020 compared to a \$559,000 increase in the 2019 year. The School Food Service Fund reported an increase in net position of \$201,000 in the current year compared to an increase of \$421,000 in the prior fiscal year. The

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Child Care Fund reported an increase in net position for the 2020 year of \$300,000 compared to an increase of \$138,000 in the prior year. See the discussion above under “Financial Analysis of the Board as a Whole” for further details regarding the year-over-year changes in operating results for the School Food Service and Child Care funds.

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. None of the budget adjustments made during the current year were significant in nature.

The Board added \$3.1 million to fund balance during year compared to a budgeted use of \$3.1 million. Due to some State and federal revenue sources being uncertain at the start of the year, management budgeted \$3.1 million of fund balance in case it was needed to cover instructional or system-wide support service costs that could not be paid from State or federal funds. The district did not have to use this appropriated fund balance as State and federal sources were used to pay these budgeted expenditures. In addition, some expenditures were under budget for the year due to early school closure for the COVID-19 pandemic. These factors resulted in the General Fund reporting a combined \$5.6 million positive budget variance for instructional and system-wide support services expenditures for the year.

Capital Assets

Total primary government capital assets were \$217.5 million at June 30, 2020, an increase of 15.4% over the \$188.5 million reported at June 30, 2019. More detailed information about the Board’s capital assets is contained in Note 2 to the financial statements.

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

**Table 3
Summary of Capital Assets
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 |
| Land | \$ 6,485,407 | \$ 6,485,407 | \$ - | \$ - | \$ 6,485,407 | \$ 6,485,407 |
| Construction in progress | 60,100,406 | 26,183,552 | - | - | 60,100,406 | 26,183,552 |
| Buildings and improvements | 143,421,508 | 148,267,665 | - | - | 143,421,508 | 148,267,665 |
| Land improvements | 3,249,926 | 3,009,145 | - | - | 3,249,926 | 3,009,145 |
| Equipment and furniture | 1,626,719 | 1,536,367 | 453,262 | 521,987 | 2,079,981 | 2,058,354 |
| Vehicles | 2,130,625 | 2,486,437 | - | - | 2,130,625 | 2,486,437 |
| Total | <u>\$ 217,014,591</u> | <u>\$ 187,968,573</u> | <u>\$ 453,262</u> | <u>\$ 521,987</u> | <u>\$ 217,467,853</u> | <u>\$ 188,490,560</u> |

Debt Outstanding

During the year, the Board’s long-term debt decreased by \$151,000 to a balance of \$194,000 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. More detailed information about the Board’s outstanding debt is contained in Note 2 to the financial statements.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors

- The County enjoys a consistently low unemployment rate. The unemployment rates estimated by the North Carolina Employment Security Commission were 6.0% and 4.0% at June 2020 and 2019, respectively, among the lowest in the State. The State averages for June 2020 and 2019 were 7.9% and 4.4%, respectively.
- The student enrollment of the district decreased by 26 students in 2019-2020 to 12,270 based on the average daily membership certified by the NC Department of Public Instruction. The decrease in enrollment is primarily due to the national decline in birth rates.
- The Chapel Hill High School renovation project is underway and is scheduled for substantial completion in January of 2021. The renovation will utilize all of the \$72.1 million the district will receive from the Orange County bond referendum. It is expected that additional funding will be required to complete the Chapel Hill High School project. As a result, the district has reserved \$1.7 million from other capital reserves and appropriated an additional \$1 million from capital outlay fund balance to ensure the building is ready to open at full capacity when students return.
- The district has received additional emergency funding to help address the COVID-19 pandemic. The State and Federal government have allotted \$1.2 million in NC Coronavirus Relief Funding (CRF) and \$865,000 in Coronavirus Aid, Relief and Economic Security Act (CARES Act) funding, respectively. This funding has been utilized to assist the district in developing and implementing a robust digital remote learning environment and will also support efforts to ensure the district's students, staff and buildings are safe for the eventual return to in person learning.
- The district remains committed to compensate employees in compliance with the Orange County Living Wage. Funding was included in the adopted 2020-2021 budget to ensure all qualifying employees are paid a minimum of \$14.90 per hour.

Impact of Coronavirus on District

During the fiscal year, the State and nation were affected by the spread of a coronavirus. The Board's response to the virus 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 the purchase of personal protective equipment and delivery expenses attributable to the delivery of lunches to students when the educational facilities were closed.

Requests for Information

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

Jonathan Scott, Interim Chief Financial Officer, Business and Financial Services
Chapel Hill-Carrboro City Board of Education
Lincoln Center, 750 S. Merritt Mill Road
Chapel Hill, NC 27516

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2020

Exhibit 1

| | Primary Government | | Total |
|---|-------------------------|--------------------------|-----------------|
| | Governmental Activities | Business-type Activities | |
| Assets | | | |
| Cash and cash equivalents | \$ 24,855,181 | \$ 1,749,713 | \$ 26,604,894 |
| Due from other governments | 6,920,398 | 260,575 | 7,180,973 |
| Receivables | 439,149 | 314 | 439,463 |
| Net OPEB asset | 252,445 | 3,590 | 256,035 |
| Prepaid expenses | 928,896 | - | 928,896 |
| Capital assets: | | | |
| Land and construction in progress | 66,585,813 | - | 66,585,813 |
| Other capital assets, net of depreciation | 150,428,778 | 453,262 | 150,882,040 |
| Total capital assets | 217,014,591 | 453,262 | 217,467,853 |
| Total assets | 250,410,660 | 2,467,454 | 252,878,114 |
| Deferred Outflows of Resources | 45,535,463 | 647,532 | 46,182,995 |
| Liabilities | | | |
| Bank overdraft | 35,929 | - | 35,929 |
| Accounts payable and accrued expenses | 5,086,011 | 180,619 | 5,266,630 |
| Accrued salaries and wages payable | 4,565,690 | - | 4,565,690 |
| Unearned revenue | 631,550 | 413,780 | 1,045,330 |
| Long-term liabilities: | | | |
| Due within one year | 3,755,991 | 55,788 | 3,811,779 |
| Due in more than one year | 259,247,607 | 3,684,762 | 262,932,369 |
| Total liabilities | 273,322,778 | 4,334,949 | 277,657,727 |
| Deferred Inflows of Resources | 71,496,266 | 1,016,703 | 72,512,969 |
| Net position | | | |
| Net investment in capital assets | 216,820,123 | 453,262 | 217,273,385 |
| Restricted for: | | | |
| Stabilization by State statute | 335,440 | - | 335,440 |
| School capital outlay | 2,159,189 | - | 2,159,189 |
| Instructional services | 443,124 | - | 443,124 |
| Individual schools activities | 1,343,815 | - | 1,343,815 |
| DIPNC OPEB plan | 635,524 | 9,038 | 644,562 |
| Unrestricted (deficit) | (270,610,136) | (2,698,966) | (273,309,102) |
| Total net position (deficit) | \$ (48,872,921) | \$ (2,236,666) | \$ (51,109,587) |

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

CHAPEL HILL-CARRBORO CITY 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 | \$ 75,405,194 | \$ - | \$ 46,505,964 | \$ - | \$ (28,899,230) | \$ - | \$ (28,899,230) |
| Special populations | 25,811,393 | - | 14,497,528 | - | (11,313,865) | - | (11,313,865) |
| Alternative programs | 8,932,566 | - | 6,088,393 | - | (2,844,173) | - | (2,844,173) |
| School leadership | 8,360,804 | - | 3,282,009 | - | (5,078,795) | - | (5,078,795) |
| Co-curricular | 4,407,326 | 1,959,562 | - | - | (2,447,764) | - | (2,447,764) |
| School-based support | 15,229,019 | - | 4,000,370 | - | (11,228,649) | - | (11,228,649) |
| System-wide support services: | | | | | | | |
| Support and development | 1,594,206 | - | 281,073 | - | (1,313,133) | - | (1,313,133) |
| Special population support and development | 929,309 | - | 252,893 | - | (676,416) | - | (676,416) |
| Alternative programs and services support and development | 223,906 | - | 84,172 | - | (139,734) | - | (139,734) |
| Technology support | 3,540,932 | - | 547,234 | - | (2,993,698) | - | (2,993,698) |
| Operational support | 19,535,638 | 86,682 | 5,673,509 | 150,527 | (13,624,920) | - | (13,624,920) |
| Financial and human resource services | 2,614,790 | - | 2,716 | - | (2,612,074) | - | (2,612,074) |
| Accountability | 522,753 | - | - | - | (522,753) | - | (522,753) |
| System-wide pupil support | 18,214 | - | - | - | (18,214) | - | (18,214) |
| Policy, leadership and public relations | 3,206,750 | - | 506,510 | - | (2,700,240) | - | (2,700,240) |
| Ancillary services | 145,254 | - | - | - | (145,254) | - | (145,254) |
| Payments to other governments | 754,422 | - | 81,373 | - | (673,049) | - | (673,049) |
| Unallocated depreciation expense** | 6,748,407 | - | - | - | (6,748,407) | - | (6,748,407) |
| Total governmental activities | 177,980,883 | 2,046,244 | 81,803,744 | 150,527 | (93,980,368) | - | (93,980,368) |
| Business-type activities: | | | | | | | |
| School food service | 4,125,552 | 1,304,039 | 2,707,008 | - | - | (114,505) | (114,505) |
| Child care | 1,504,712 | 1,792,151 | 12,240 | - | - | 299,679 | 299,679 |
| Total business-type activities | 5,630,264 | 3,096,190 | 2,719,248 | - | - | 185,174 | 185,174 |
| Total primary government | \$ 183,611,147 | \$ 5,142,434 | \$ 84,522,992 | \$ 150,527 | (93,980,368) | 185,174 | (93,795,194) |
| General revenues: | | | | | | | |
| | | | | | 77,711,917 | - | 77,711,917 |
| | | | | | 42,585,529 | - | 42,585,529 |
| | | | | | 128,787 | - | 128,787 |
| | | | | | 4,817,904 | - | 4,817,904 |
| | | | | | (315,881) | 315,881 | - |
| | | | | | <u>124,928,256</u> | <u>315,881</u> | <u>125,244,137</u> |
| | | | | | 30,947,888 | 501,055 | 31,448,943 |
| | | | | | <u>(79,820,809)</u> | <u>(2,737,721)</u> | <u>(82,558,530)</u> |
| | | | | | <u>\$ (48,872,921)</u> | <u>\$ (2,236,666)</u> | <u>\$ (51,109,587)</u> |

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

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

Exhibit 3

| | Major Funds | | | | | Non-major Fund | Total Governmental Funds |
|--|----------------------|---------------------|-------------------|-----------------------|---------------------|---------------------|--------------------------|
| | General | State Public School | Federal Grants | Other Special Revenue | Capital Outlay | Individual Schools | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 17,953,473 | \$ 3,934 | \$ - | \$ 3,924,709 | \$ 1,629,250 | \$ 1,343,815 | \$ 24,855,181 |
| Due from other governments | 230,157 | 2,928,067 | 92,764 | - | 3,669,410 | - | 6,920,398 |
| Accounts receivable | 38,638 | - | - | 400,511 | - | - | 439,149 |
| Due from other funds | 3,934 | - | 35,929 | - | - | - | 39,863 |
| Prepaid expenditures | 928,896 | - | - | - | - | - | 928,896 |
| Total assets | \$ 19,155,098 | \$ 2,932,001 | \$ 128,693 | \$ 4,325,220 | \$ 5,298,660 | \$ 1,343,815 | \$ 33,183,487 |
| Liabilities and fund balances | | | | | | | |
| Liabilities: | | | | | | | |
| Bank overdraft | \$ - | \$ - | \$ 35,929 | \$ - | \$ - | \$ - | \$ 35,929 |
| Accounts payable and accrued liabilities | 1,808,760 | - | - | 137,780 | 3,139,471 | - | 5,086,011 |
| Accrued salaries and wages payable | 1,433,882 | 2,928,067 | 92,764 | 110,977 | - | - | 4,565,690 |
| Due to other funds | 35,929 | 3,934 | - | - | - | - | 39,863 |
| Unearned revenue | - | - | - | 17,883 | - | - | 17,883 |
| Total liabilities | 3,278,571 | 2,932,001 | 128,693 | 266,640 | 3,139,471 | - | 9,745,376 |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid expenditures | 928,896 | - | - | - | - | - | 928,896 |
| Restricted: | | | | | | | |
| Stabilization by State statute | 335,440 | - | - | - | - | - | 335,440 |
| School capital outlay | - | - | - | - | 2,159,189 | - | 2,159,189 |
| Instructional services | - | - | - | 443,124 | - | - | 443,124 |
| Individual schools | - | - | - | - | - | 1,343,815 | 1,343,815 |
| Assigned: | | | | | | | |
| Subsequent year's expenditures | 3,736,550 | - | - | - | - | - | 3,736,550 |
| Special revenues | - | - | - | 3,615,456 | - | - | 3,615,456 |
| Unassigned | 10,875,641 | - | - | - | - | - | 10,875,641 |
| Total fund balances | 15,876,527 | - | - | 4,058,580 | 2,159,189 | 1,343,815 | 23,438,111 |
| Total liabilities and fund balances | \$ 19,155,098 | \$ 2,932,001 | \$ 128,693 | \$ 4,325,220 | \$ 5,298,660 | \$ 1,343,815 | |

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

| | |
|--|------------------------|
| Net OPEB asset | 252,445 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 217,014,591 |
| Deferred outflows of resources related to pensions | 27,003,360 |
| Deferred outflows of resources related to OPEB | 18,532,103 |
| Difference in unearned lease revenue attributable to difference in income recognition periods for governmental funds and governmental activities. | (613,667) |
| Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds. | (10,227,133) |
| Net pension liability | (68,290,523) |
| Net OPEB liability | (184,485,942) |
| Deferred inflows of resources related to pensions | (859,443) |
| Deferred inflows of resources related to OPEB | (70,636,823) |
| Net position (deficit) of governmental activities | \$ (48,872,921) |

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

CHAPEL HILL-CARRBORO CITY 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 | | | | | Non-major Fund | Total Governmental Funds |
|---|----------------------|---------------------|------------------|-----------------------|---------------------|---------------------|--------------------------|
| | General | State Public School | Federal Grants | Other Special Revenue | Capital Outlay | Individual Schools | |
| Revenues: | | | | | | | |
| State of North Carolina | \$ - | \$ 75,307,827 | \$ - | \$ - | \$ 150,527 | \$ - | \$ 75,458,354 |
| Orange County: | | | | | | | |
| Local current expense | 53,419,518 | - | - | - | - | - | 53,419,518 |
| Other | - | - | - | 2,089,269 | 42,585,529 | - | 44,674,798 |
| U.S. Government | - | 197,729 | 2,899,485 | 1,527,462 | - | - | 4,624,676 |
| Other | 25,625,324 | - | - | 3,413,033 | 71,024 | 1,959,562 | 31,068,943 |
| Total revenues | <u>79,044,842</u> | <u>75,505,556</u> | <u>2,899,485</u> | <u>7,029,764</u> | <u>42,807,080</u> | <u>1,959,562</u> | <u>209,246,289</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Instructional services: | | | | | | | |
| Regular instructional | 26,628,441 | 46,092,632 | 413,332 | 559,492 | 147,582 | - | 73,841,479 |
| Special populations | 10,731,389 | 12,607,281 | 941,445 | 940,824 | - | - | 25,220,939 |
| Alternative programs | 2,925,687 | 2,776,469 | 862,023 | 2,189,380 | - | - | 8,753,559 |
| School leadership | 4,891,888 | 3,282,009 | - | - | - | - | 8,173,897 |
| Co-curricular | 2,530,743 | - | - | - | - | 1,818,498 | 4,349,241 |
| School-based support | 9,175,582 | 3,847,059 | 153,311 | 1,742,587 | - | - | 14,918,539 |
| System-wide support services: | | | | | | | |
| Support and development | 1,266,286 | 274,850 | 6,223 | - | - | - | 1,547,359 |
| Special population support and development | 654,817 | - | 252,893 | - | - | - | 907,710 |
| Alternative programs / services support and development | 40,134 | - | 84,172 | 95,978 | - | - | 220,284 |
| Technology support | 2,052,133 | 547,234 | - | - | 885,310 | - | 3,484,677 |
| Operational support | 8,378,762 | 5,511,307 | 101,781 | 5,171 | 458,876 | - | 14,455,897 |
| Financial and human resource services | 2,549,200 | 2,716 | - | 16,557 | - | - | 2,568,473 |
| Accountability | 514,461 | - | - | - | - | - | 514,461 |
| System-wide pupil support | 18,121 | - | - | - | - | - | 18,121 |
| Policy, leadership and public relations | 2,639,928 | 503,578 | 2,932 | 5,772 | - | - | 3,152,210 |
| Ancillary services | 31,718 | - | - | 62,008 | 50,535 | - | 144,261 |
| Non-programmed charges | 756,092 | - | 81,373 | 60,082 | - | - | 897,547 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | - | 150,527 | - | 150,527 |
| Capital outlay | - | - | - | - | 40,569,049 | - | 40,569,049 |
| Total expenditures | <u>75,785,382</u> | <u>75,445,135</u> | <u>2,899,485</u> | <u>5,677,851</u> | <u>42,261,879</u> | <u>1,818,498</u> | <u>203,888,230</u> |
| Revenues over expenditures | <u>3,259,460</u> | <u>60,421</u> | <u>-</u> | <u>1,351,913</u> | <u>545,201</u> | <u>141,064</u> | <u>5,358,059</u> |
| Other financing sources (uses): | | | | | | | |
| Insurance proceeds | - | - | - | - | 97,655 | - | 97,655 |
| Transfers to other funds | (204,925) | (60,421) | - | - | - | - | (265,346) |
| Total other financing sources (uses) | <u>(204,925)</u> | <u>(60,421)</u> | <u>-</u> | <u>-</u> | <u>97,655</u> | <u>-</u> | <u>(167,691)</u> |
| Net change in fund balance | 3,054,535 | - | - | 1,351,913 | 642,856 | 141,064 | 5,190,368 |
| Fund balances: | | | | | | | |
| Beginning of year | <u>12,821,992</u> | <u>-</u> | <u>-</u> | <u>2,706,667</u> | <u>1,516,333</u> | <u>1,202,751</u> | <u>18,247,743</u> |
| End of year | <u>\$ 15,876,527</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,058,580</u> | <u>\$ 2,159,189</u> | <u>\$ 1,343,815</u> | <u>\$ 23,438,111</u> |

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Exhibit 5

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

| | |
|--|----------------------|
| Net changes in fund balances - total governmental funds | \$ 5,190,368 |
| 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. | 30,751,098 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 12,694,906 |
| Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities | 6,430,650 |
| Difference in lease income recognized from unearned revenue due to difference between income recognition periods for governmental funds and governmental activities. | 43,833 |
| 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. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 150,527 |
| 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 | (24,347,001) |
| OPEB (expense) benefit | 2,574,584 |
| Compensated absences | (835,997) |
| Loss on disposal of capital assets | <u>(1,705,080)</u> |
| Total changes in net position of governmental activities | <u>\$ 30,947,888</u> |

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION **Exhibit 6**
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

General Fund

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|-------------------|----------------------|-------------------------------|
| Revenues: | | | | |
| Orange County | \$ 53,419,518 | \$ 53,419,518 | \$ 53,419,518 | \$ - |
| Other | <u>25,087,972</u> | <u>25,087,972</u> | <u>25,625,324</u> | <u>537,352</u> |
| Total revenues | <u>78,507,490</u> | <u>78,507,490</u> | <u>79,044,842</u> | <u>537,352</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 23,574,715 | 26,732,213 | 26,628,441 | 103,772 |
| Special populations | 16,252,904 | 11,479,835 | 10,731,389 | 748,446 |
| Alternative programs | 3,250,828 | 3,723,159 | 2,925,687 | 797,472 |
| School leadership | 4,954,207 | 5,047,021 | 4,891,888 | 155,133 |
| Co-curricular | 2,705,287 | 2,743,927 | 2,530,743 | 213,184 |
| School-based support | <u>9,521,069</u> | <u>10,171,309</u> | <u>9,175,582</u> | <u>995,727</u> |
| Total instructional services | <u>60,259,010</u> | <u>59,897,464</u> | <u>56,883,730</u> | <u>3,013,734</u> |
| System-wide support services: | | | | |
| Support and development | 1,166,905 | 1,287,222 | 1,266,286 | 20,936 |
| Special population support and development | 522,594 | 683,329 | 654,817 | 28,512 |
| Alternative programs and services support and development | 42,085 | 45,475 | 40,134 | 5,341 |
| Technology support | 2,681,035 | 2,679,122 | 2,052,133 | 626,989 |
| Operational support | 9,922,335 | 9,546,097 | 8,378,762 | 1,167,335 |
| Financial and human resource services | 2,503,096 | 2,737,502 | 2,549,200 | 188,302 |
| Accountability | 584,174 | 583,733 | 514,461 | 69,272 |
| System-wide pupil support | 119,150 | 80,872 | 18,121 | 62,751 |
| Policy, leadership and public relations | <u>2,846,576</u> | <u>3,073,939</u> | <u>2,639,928</u> | <u>434,011</u> |
| Total system-wide support services | <u>20,387,950</u> | <u>20,717,291</u> | <u>18,113,842</u> | <u>2,603,449</u> |
| Ancillary services: | | | | |
| Nutrition | - | 31,718 | 31,718 | - |
| Nonprogrammed charges | <u>735,530</u> | <u>756,092</u> | <u>756,092</u> | <u>-</u> |
| Total expenditures | <u>81,382,490</u> | <u>81,402,565</u> | <u>75,785,382</u> | <u>5,617,183</u> |
| Revenues over (under) expenditures | (2,875,000) | (2,895,075) | 3,259,460 | 6,154,535 |
| Other financing uses: | | | | |
| Transfers to other funds | (225,000) | (204,925) | (204,925) | - |
| Fund balance appropriated | <u>3,100,000</u> | <u>3,100,000</u> | - | <u>(3,100,000)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 3,054,535 | <u>\$ 3,054,535</u> |
| Fund balances: | | | | |
| Beginning of year | | | <u>12,821,992</u> | |
| End of year | | | <u>\$ 15,876,527</u> | |

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION **Exhibit 6 (continued)**
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

| | State Public School Fund | | | |
|--|--------------------------|-------------------|-------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget |
| Revenues: | | | | |
| State of North Carolina | \$ 75,048,769 | \$ 76,782,382 | \$ 75,307,827 | \$ (1,474,555) |
| U.S. Government | - | 658,806 | 197,729 | (461,077) |
| Total revenues | <u>75,048,769</u> | <u>77,441,188</u> | <u>75,505,556</u> | <u>(1,935,632)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 49,815,509 | 46,558,924 | 46,092,632 | 466,292 |
| Special populations | 7,901,921 | 13,094,314 | 12,607,281 | 487,033 |
| Alternative programs | 4,080,457 | 3,066,790 | 2,776,469 | 290,321 |
| School leadership | 3,281,859 | 3,409,199 | 3,282,009 | 127,190 |
| School-based support | <u>3,678,634</u> | <u>4,216,588</u> | <u>3,847,059</u> | <u>369,529</u> |
| Total instructional services | <u>68,758,380</u> | <u>70,345,815</u> | <u>68,605,450</u> | <u>1,740,365</u> |
| System-wide support services: | | | | |
| Support and development | 441,591 | 274,850 | 274,850 | - |
| Special population support and development | 10,000 | - | - | - |
| Technology support | - | 547,234 | 547,234 | - |
| Operational support | 5,319,000 | 5,511,307 | 5,511,307 | - |
| Financial and human resource services | - | 2,716 | 2,716 | - |
| Policy, leadership and public relations | <u>509,798</u> | <u>503,578</u> | <u>503,578</u> | <u>-</u> |
| Total system-wide support services | <u>6,280,389</u> | <u>6,839,685</u> | <u>6,839,685</u> | <u>-</u> |
| Ancillary services: | | | | |
| Nutrition | <u>10,000</u> | <u>195,267</u> | <u>-</u> | <u>195,267</u> |
| Total expenditures | <u>75,048,769</u> | <u>77,380,767</u> | <u>75,445,135</u> | <u>1,935,632</u> |
| Revenues over (under) expenditures | - | 60,421 | 60,421 | - |
| Other financing uses: | | | | |
| Transfers to other funds | - | <u>(60,421)</u> | <u>(60,421)</u> | <u>-</u> |
| 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.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION

Exhibit 6 (continued)

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

| | Federal Grants Fund | | | |
|--|---------------------|------------------|------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget |
| Revenues: | | | | |
| U.S. Government | \$ 4,545,076 | \$ 5,560,321 | \$ 2,899,485 | \$ (2,660,836) |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 407,323 | 437,638 | 413,332 | 24,306 |
| Special populations | 1,765,392 | 2,110,107 | 941,445 | 1,168,662 |
| Alternative programs | 1,118,083 | 1,129,276 | 862,023 | 267,253 |
| School-based support | 150,450 | 204,801 | 153,311 | 51,490 |
| Total instructional services | <u>3,441,248</u> | <u>3,881,822</u> | <u>2,370,111</u> | <u>1,511,711</u> |
| System-wide support services: | | | | |
| Support and development | 12,500 | 6,223 | 6,223 | - |
| Special population support and development | 647,265 | 325,637 | 252,893 | 72,744 |
| Alternative programs and services support and development | 89,440 | 84,172 | 84,172 | - |
| Technology support | - | 591,806 | - | 591,806 |
| Operational support | 220,500 | 450,000 | 101,781 | 348,219 |
| Policy, leadership and public relations | 3,500 | 10,000 | 2,932 | 7,068 |
| Total system-wide support services | <u>973,205</u> | <u>1,467,838</u> | <u>448,001</u> | <u>1,019,837</u> |
| Nonprogrammed charges | <u>130,623</u> | <u>210,661</u> | <u>81,373</u> | <u>129,288</u> |
| Total expenditures | <u>4,545,076</u> | <u>5,560,321</u> | <u>2,899,485</u> | <u>2,660,836</u> |
| 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.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION **Exhibit 6 (continued)**
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

| | Other Special Revenue Fund | | | |
|--|----------------------------|-------------------|---------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget |
| Revenues: | | | | |
| Orange County | \$ 1,978,000 | \$ 1,978,000 | \$ 2,089,269 | \$ 111,269 |
| U.S. Government | 1,621,376 | 1,621,376 | 1,527,462 | (93,914) |
| Other | <u>2,523,528</u> | <u>7,527,531</u> | <u>3,413,033</u> | <u>(4,114,498)</u> |
| Total revenues | <u>6,122,904</u> | <u>11,126,907</u> | <u>7,029,764</u> | <u>(4,097,143)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional | 864,338 | 961,173 | 559,492 | 401,681 |
| Special populations | 370,405 | 1,236,332 | 940,824 | 295,508 |
| Alternative programs | 2,633,305 | 2,727,661 | 2,189,380 | 538,281 |
| School leadership | 1,500 | 750 | - | 750 |
| School-based support | <u>2,015,000</u> | <u>5,142,172</u> | <u>1,742,587</u> | <u>3,399,585</u> |
| Total instructional services | <u>5,884,548</u> | <u>10,068,088</u> | <u>5,432,283</u> | <u>4,635,805</u> |
| System-wide support services: | | | | |
| Special population support and development | 13,300 | 13,300 | - | 13,300 |
| Alternative programs and services support and development | 96,800 | 95,978 | 95,978 | - |
| Operational support | 5,000 | 15,000 | 5,171 | 9,829 |
| Financial and human resource services | 50,000 | 121,000 | 16,557 | 104,443 |
| Policy, leadership and public relations | - | 607,416 | 5,772 | 601,644 |
| Total system-wide support services | <u>165,100</u> | <u>852,694</u> | <u>123,478</u> | <u>729,216</u> |
| Ancillary services: | | | | |
| Nutrition | 5,399 | 183,539 | 62,008 | 121,531 |
| Nonprogrammed charges | <u>129,540</u> | <u>74,673</u> | <u>60,082</u> | <u>14,591</u> |
| Total expenditures | <u>6,184,587</u> | <u>11,178,994</u> | <u>5,677,851</u> | <u>5,501,143</u> |
| Revenues over (under) expenditures | (61,683) | (52,087) | 1,351,913 | 1,404,000 |
| Fund balance appropriated | <u>61,683</u> | <u>52,087</u> | - | <u>(52,087)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 1,351,913 | <u>\$ 1,351,913</u> |
| Fund balances: | | | | |
| Beginning of year | | | <u>2,706,667</u> | |
| End of year | | | <u>\$ 4,058,580</u> | |

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2020

Exhibit 7

| | Enterprise | | |
|--|------------------------|-----------------------|-----------------------|
| | Major Funds | | Totals |
| | School Food Service | Child Care | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 475,627 | \$ 1,274,086 | \$ 1,749,713 |
| Due from other governments | 260,575 | - | 260,575 |
| Receivables | - | 314 | 314 |
| Net OPEB asset | 1,460 | 2,130 | 3,590 |
| Total current assets | <u>737,662</u> | <u>1,276,530</u> | <u>2,014,192</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Furniture and equipment, net | 453,262 | - | 453,262 |
| Total assets | <u>1,190,924</u> | <u>1,276,530</u> | <u>2,467,454</u> |
| Deferred Outflows of Resources | <u>263,244</u> | <u>384,288</u> | <u>647,532</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 180,619 | - | 180,619 |
| Compensated absences | 30,297 | 25,491 | 55,788 |
| Unearned revenue | 217,059 | 196,721 | 413,780 |
| Total current liabilities | <u>427,975</u> | <u>222,212</u> | <u>650,187</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | 394,791 | 576,326 | 971,117 |
| Net OPEB liability | 1,066,524 | 1,556,937 | 2,623,461 |
| Compensated absences | 57,112 | 33,072 | 90,184 |
| Total noncurrent liabilities | <u>1,518,427</u> | <u>2,166,335</u> | <u>3,684,762</u> |
| Total liabilities | <u>1,946,402</u> | <u>2,388,547</u> | <u>4,334,949</u> |
| Deferred Inflows of Resources | <u>413,322</u> | <u>603,381</u> | <u>1,016,703</u> |
| Net position | | | |
| Investment in capital assets | 453,262 | - | 453,262 |
| Restricted for DIPNC OPEB plan | 3,676 | 5,362 | 9,038 |
| Unrestricted (deficit) | (1,362,494) | (1,336,472) | (2,698,966) |
| Total net position (deficit) | <u>\$ (905,556)</u> | <u>\$ (1,331,110)</u> | <u>\$ (2,236,666)</u> |

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

CHAPEL HILL-CARRBORO CITY 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 | Child Care | Totals |
| Operating revenues: | | | |
| Food sales | \$ 1,304,039 | \$ - | \$ 1,304,039 |
| Child care fees | - | 1,397,470 | 1,397,470 |
| Rental of school property | - | 394,681 | 394,681 |
| Total operating revenues | <u>1,304,039</u> | <u>1,792,151</u> | <u>3,096,190</u> |
| Operating expenses: | | | |
| Purchase of food | 525 | 94,895 | 95,420 |
| Salaries and benefits | 856,907 | 1,366,079 | 2,222,986 |
| Indirect costs | 89,674 | - | 89,674 |
| Materials and supplies | 25,055 | 16,985 | 42,040 |
| Repairs and maintenance | 41,604 | - | 41,604 |
| Depreciation | 119,260 | - | 119,260 |
| Non-capitalized equipment | 4,965 | 675 | 5,640 |
| Chartwells management fees | 3,057,486 | - | 3,057,486 |
| Contracted services | - | 4,959 | 4,959 |
| Other | 19,750 | 21,119 | 40,869 |
| Total operating expenses | <u>4,215,226</u> | <u>1,504,712</u> | <u>5,719,938</u> |
| Operating income (loss) | <u>(2,911,187)</u> | <u>287,439</u> | <u>(2,623,748)</u> |
| Nonoperating revenues: | | | |
| Federal reimbursements | 2,431,852 | - | 2,431,852 |
| Federal commodities | 270,644 | - | 270,644 |
| State reimbursements | 4,512 | - | 4,512 |
| Indirect costs not paid | 89,674 | - | 89,674 |
| Contributions and donations | - | 12,240 | 12,240 |
| Total nonoperating revenues | <u>2,796,682</u> | <u>12,240</u> | <u>2,808,922</u> |
| Income (loss) before transfers and contributions | (114,505) | 299,679 | 185,174 |
| Transfers from other funds | 265,346 | - | 265,346 |
| Capital contributions | 50,535 | - | 50,535 |
| Change in net position | 201,376 | 299,679 | 501,055 |
| Net position (deficit), beginning of year | <u>(1,106,932)</u> | <u>(1,630,789)</u> | <u>(2,737,721)</u> |
| Net position (deficit), end of year | <u>\$ (905,556)</u> | <u>\$ (1,331,110)</u> | <u>\$ (2,236,666)</u> |

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9

| | Enterprise | | |
|---|------------------------|---------------------|-----------------------|
| | Major Funds | | Totals |
| | School Food Service | Child Care | |
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 1,377,806 | \$ 1,822,687 | \$ 3,200,493 |
| Cash paid for goods and services | (2,856,666) | (145,847) | (3,002,513) |
| Cash paid to employees for services | (852,280) | (1,541,187) | (2,393,467) |
| Net cash provided (used) by operating activities | <u>(2,331,140)</u> | <u>135,653</u> | <u>(2,195,487)</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers from (to) other funds | 204,925 | - | 204,925 |
| Federal and State reimbursements | 2,289,043 | - | 2,289,043 |
| Contributions and donations | - | 12,240 | 12,240 |
| Net cash provided by noncapital financing activities | <u>2,493,968</u> | <u>12,240</u> | <u>2,506,208</u> |
| Net increase in cash and cash equivalents | 162,828 | 147,893 | 310,721 |
| Cash and cash equivalents, beginning of year | <u>312,799</u> | <u>1,126,193</u> | <u>1,438,992</u> |
| Cash and cash equivalents, end of year | <u>\$ 475,627</u> | <u>\$ 1,274,086</u> | <u>\$ 1,749,713</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | <u>\$ (2,911,187)</u> | <u>\$ 287,439</u> | <u>\$ (2,623,748)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 119,260 | - | 119,260 |
| Donated commodities | 270,644 | - | 270,644 |
| Salaries paid by State Public School Fund | 60,421 | - | 60,421 |
| Indirect costs not paid | 89,674 | - | 89,674 |
| Changes in assets and liabilities: | | | |
| Decrease in accounts receivable | 819 | 44,846 | 45,665 |
| Increase in net OPEB asset | (393) | (507) | (900) |
| Increase (decrease) in accounts payable and accrued liabilities | 22,075 | (7,214) | 14,861 |
| Decrease in accrued salaries and wages payable | - | (2,930) | (2,930) |
| Increase (decrease) in unearned revenue | 72,948 | (14,310) | 58,638 |
| Decrease in net pension liability | (643) | (25,218) | (25,861) |
| Increase in net OPEB liability | 48,471 | 8,247 | 56,718 |
| Decrease in deferred outflows | 17,443 | 42,701 | 60,144 |
| Decrease in deferred inflows | (117,196) | (203,658) | (320,854) |
| Increase (decrease) in compensated absences payable | (3,476) | 6,257 | 2,781 |
| Total adjustments | <u>580,047</u> | <u>(151,786)</u> | <u>428,261</u> |
| Net cash provided (used) by operating activities | <u>\$ (2,331,140)</u> | <u>\$ 135,653</u> | <u>\$ (2,195,487)</u> |

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$270,644 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 \$60,421 to administrative 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.

School Food Service capital assets with a value of \$50,535 were purchased by the Capital Outlay Fund during the year. The value of these assets is reflected as a capital contribution on Exhibit 8.

Indirect costs of \$89,674 that would be due to the General Fund were not paid. These unpaid costs are reflected as a non-operating revenue and an operating expense on Exhibit 8.

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2020

Exhibit 10

| | <u>Employee Flexible Spending Account</u> |
|--|---|
| Assets | |
| Cash | <u>\$ 348,141</u> |
| Liabilities | |
| Accounts payable and accrued liabilities | <u>\$ 348,141</u> |

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

CHAPEL HILL-CARRBORO CITY 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 Chapel Hill-Carrboro City 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 Chapel Hill-Carrboro City 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 the cities of Chapel Hill and Carrboro, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

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. 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, including its fiduciary fund. Separate statements for each fund category – *governmental, proprietary and fiduciary* – 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. The fiduciary fund is presented separately.

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.

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.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 gifts and grants restricted as to use, certain federal and state grants restricted as to use, federal and state appropriations made directly to local school administrative units, funds received for refunds, reimbursements and various special programs.

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 Orange County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

The Board reports the following nonmajor governmental fund:

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 fundraising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs.

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.

Child Care Fund. The Child Care Fund is used to account for the afterschool care program within the school system, as well as revenues from the rental of school property.

The Board reports the following fiduciary fund:

Agency Fund. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Board holds on behalf of others. The Board maintains one agency fund, the Employee Flexible Spending Account, which accounts for monies voluntarily withheld from employees' wages to pay for child care and medical expenses not covered under the employees' medical insurance.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary 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. The Board's fiduciary fund is an agency fund. Agency funds have no measurement focus.

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the fiduciary funds and 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. Amounts may be transferred between functions of the same purpose of the same fund with a monthly report of such transfers provided to the Board of Education and entered in the Board's minutes. Amendments are required for any revisions that alter total expenditures of any fund or that change appropriations at the purpose level. 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. Bank deposits are measured at amortized cost. The NCCMT is reported at fair value. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. 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.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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. Prepaid Expenditures

Prepaid expenditures represent amounts paid to vendors for goods or services in one period that benefit a future period. The Board utilizes the consumption method of accounting and recognizes prepaid items as expenditures in the period 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, 1990 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.

Orange 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.

For capital assets utilized in both governmental and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

| | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 50 |
| Land improvements | 15 |
| Equipment and furniture | 3 - 10 |
| Vehicles | 6 |

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

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion – pension and other post-employment benefit-related deferrals. The statement of financial position also

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 two items that meet this criterion – pension and other post-employment benefit-related deferrals.

6. Long-term Obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2020 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate 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.

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:

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

Prepaid expenditures- portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, which are not spendable resources.

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

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

next preceding the budget year. RSS is reduced by inventories and prepaids as they are classified as nonspendable. 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 instructional services – 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 fundraising activities for which they were collected.

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The Board of Education approves the appropriation.

Special revenues – 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. This amount can be expended on 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. 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 pay expenditures from restricted revenue sources first and then from general unrestricted revenues. 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.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

9. Reconciliation of Government-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 \$(72,311,032) consists of several elements as follows:

| <u>Description</u> | <u>Amount</u> |
|--|------------------------|
| 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) | \$ 350,820,240 |
| Less accumulated depreciation | <u>(133,805,649)</u> |
| Net capital assets | 217,014,591 |
| Net OPEB asset | 252,445 |
| Deferred outflows of resources related to pensions | 27,003,360 |
| Deferred outflows of resources related to OPEB | 18,532,103 |
| Difference in unearned lease revenue attributable to difference in income recognition periods for governmental funds and governmental activities | (613,667) |
| 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 purchases | (194,468) |
| Compensated absences | (10,032,665) |
| Net pension liability | (68,290,523) |
| Net OPEB liability | (184,485,942) |
| Deferred inflows of resources related to pensions | (859,443) |
| Deferred inflows of resources related to OPEB | <u>(70,636,823)</u> |
| Total adjustment | <u>\$ (72,311,032)</u> |

CHAPEL HILL-CARRBORO CITY 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 balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$25,757,520 as follows:

| Description | Amount |
|---|----------------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | \$ 37,892,001 |
| 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 | (7,140,903) |
| 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 | 150,527 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 12,694,906 |
| Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities | 6,430,650 |
| Difference in lease income recognized from unearned revenue due to difference between income recognition periods for governmental funds and governmental activities. | 43,833 |
| 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 | (24,347,001) |
| OPEB (expense) benefit | 2,574,584 |
| Loss on disposal of capital assets | (1,705,080) |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (835,997) |
| Total adjustment | <u>\$ 25,757,520</u> |

10. Defined Benefit Pension Plans

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

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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 concentration risk, foreign currency risk or custodial credit risk for deposits.

At June 30, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$20,018,307 and a net bank overdraft with the State Treasurer of \$31,995. The bank balances with the financial institutions and the State Treasurer were \$20,767,204 and \$1,704,750, respectively. Of these balances, \$1,562,834 was covered by federal depository insurance and \$20,909,120 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2020, the Board had \$6,930,794 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The Board has no investment balances in the NCCMT as of June 30, 2020. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

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3. Accounts Receivable

Receivables at the government-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 | \$ (31,995) | \$ 230,157 | \$ 38,638 | \$ 236,800 |
| Other governmental activities | <u>31,995</u> | <u>6,690,241</u> | <u>400,511</u> | <u>7,122,747</u> |
| Total governmental activities | <u>\$ -</u> | <u>\$ 6,920,398</u> | <u>\$ 439,149</u> | <u>\$ 7,359,547</u> |
| Business-type activities: | | | | |
| School Food Service Fund | \$ - | \$ 260,575 | \$ - | \$ 260,575 |
| Child Care Fund | <u>-</u> | <u>-</u> | <u>314</u> | <u>314</u> |
| Total business-type activities | <u>\$ -</u> | <u>\$ 260,575</u> | <u>\$ 314</u> | <u>\$ 260,889</u> |

Due from other governments consists of the following:

| | | |
|---------------------------|---------------------|--------------------------|
| Governmental activities: | | |
| General Fund | \$ 230,157 | Amounts due from County |
| State Public School Fund | 2,928,067 | Operating funds from DPI |
| Capital Outlay Fund | 3,669,410 | Amounts due from County |
| Federal Grants Fund | <u>92,764</u> | Federal grant funds |
| Total | <u>\$ 6,920,398</u> | |
| Business-type activities: | | |
| School Food Service Fund | <u>\$ 260,575</u> | Federal grant funds |

All of the Board's receivable balances are expected to be collected during the year ended June 30, 2021.

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4. Capital Assets

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

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|-------------------|------------------|----------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 6,485,407 | \$ - | \$ - | \$ 6,485,407 |
| Construction in progress | 26,183,552 | 37,351,174 | 3,434,320 | 60,100,406 |
| Total capital assets not being depreciated | <u>32,668,959</u> | <u>37,351,174</u> | <u>3,434,320</u> | <u>66,585,813</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 257,399,855 | 1,116,458 | - | 258,516,313 |
| Land improvements | 7,806,836 | 535,322 | - | 8,342,158 |
| Equipment and furniture | 9,378,549 | 581,603 | - | 9,960,152 |
| Vehicles | 7,379,120 | 36,684 | - | 7,415,804 |
| Total capital assets being depreciated | <u>281,964,360</u> | <u>2,270,067</u> | <u>-</u> | <u>284,234,427</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 109,132,190 | 5,962,615 | - | 115,094,805 |
| Land improvements | 4,797,691 | 294,541 | - | 5,092,232 |
| Equipment and furniture | 7,842,182 | 491,251 | - | 8,333,433 |
| Vehicles | 4,892,683 | 392,496 | - | 5,285,179 |
| Total accumulated depreciation | <u>126,664,746</u> | <u>7,140,903</u> | <u>-</u> | <u>133,805,649</u> |
| Total capital assets being depreciated, net | <u>155,299,614</u> | | | <u>150,428,778</u> |
| Governmental activity capital assets, net | <u>\$ 187,968,573</u> | | | <u>\$ 217,014,591</u> |
| Business-type activities: | | | | |
| School Food Service Fund: | | | | |
| Capital assets being depreciated: | | | | |
| Equipment and furniture | \$ 1,738,115 | \$ 50,535 | \$ - | \$ 1,788,650 |
| Less accumulated depreciation for: | | | | |
| Equipment and furniture | 1,216,128 | 119,260 | - | 1,335,388 |
| School Food Service capital assets, net | <u>521,987</u> | | | <u>453,262</u> |
| Child Care Fund: | | | | |
| Capital assets being depreciated: | | | | |
| Equipment and furniture | 37,339 | - | 37,339 | - |
| Less accumulated depreciation for: | | | | |
| Equipment and furniture | 37,339 | - | 37,339 | - |
| Child Care Fund capital assets, net | <u>-</u> | | | <u>-</u> |
| Business-type activities capital assets, net | <u>\$ 521,987</u> | | | <u>\$ 453,262</u> |

Depreciation was charged to governmental functions as follows:

| | |
|------------------------------|---------------------|
| System-wide support services | \$ 392,496 |
| Unallocated depreciation | <u>6,748,407</u> |
| Total | <u>\$ 7,140,903</u> |

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5. Construction and Other Significant Commitments

As of June 30, 2020, the Board had several capital projects in progress in the district. At year-end, the Board's commitments with contractors for the remaining portion of the contracts related to these projects totaled approximately \$12.9 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, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of 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

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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 \$12,875,432 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 \$69,261,640 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 0.6681% and 0.6691%, respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$24,663,553. 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 | \$ 5,793,656 | \$ 138,657 |
| Changes of assumptions | 7,380,100 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,327,648 | - |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 10,522 | 733,007 |
| Board contributions subsequent to the measurement date | <u>12,875,432</u> | <u>-</u> |
| Total | <u>\$ 27,387,358</u> | <u>\$ 871,664</u> |

\$12,875,432 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:

| <u>Year ended June 30:</u> | |
|----------------------------|----------------------|
| 2021 | \$ 9,817,232 |
| 2022 | 2,288,821 |
| 2023 | 1,069,766 |
| 2024 | <u>464,443</u> |
| Total | <u>\$ 13,640,262</u> |

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

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.5 to 8.1 percent, including inflation and productivity factor |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial 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% | |

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 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability reported at June 30, 2020 and 2019 was 7.00% for both years. 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

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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 <u>(6.00%)</u> | Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|--|-------------------------------|---------------------------------|-------------------------------|
| Board's proportionate share of the net pension liability (asset) | \$ 131,824,167 | \$ 69,261,640 | \$ 16,779,652 |

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

1. 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>.

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.

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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 \$6,422,825.

At June 30, 2020, the Board reported a liability of \$187,109,403 for its proportionate share of the net RHBF 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 2018, the Board's proportion was 0.5914% and 0.6020%, respectively.

\$6,422,825 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:

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Year ended June 30:

| | |
|-------|------------------------|
| 2021 | \$ (18,254,314) |
| 2022 | (18,254,314) |
| 2023 | (18,236,299) |
| 2024 | (5,733,340) |
| 2025 | <u>821,247</u> |
| Total | <u>\$ (59,657,020)</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 | 5.00-6.50% |
| Healthcare cost trend rate - administrative | 3.00% |

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2020 and 2019 were 3.50% and 3.87%, respectively. 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 | \$ 222,353,943 | \$ 187,109,403 | \$ 158,889,410 |

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 healthcare trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare trend rates:

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| | | Healthcare Trend Rates | |
|--------------------|--|--|--|
| | 1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00-5.50%, Administrative - 2.00%) | (Medical -5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00- 6.50%, Administrative - 3.00%) | 1% increase (Medical -6.00- 7.50%, Pharmacy - 6.00- 10.50%, Medicare Advantage - 6.00-7.50%, Administrative - 4.00%) |
| Net OPEB liability | \$ 154,070,664 | \$ 187,109,403 | \$ 230,550,802 |

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.

2. 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, 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 \$99,271 for the year ended June 30, 2020.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
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For the Fiscal 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, the Board reported an asset of \$256,035 for its proportionate share of the net DIPNC 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 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 asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and 2018, the Board's proportion was 0.5934% and 0.5918%, respectively.

\$99,271 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:

| | |
|----------------------------|-------------------|
| <u>Year ended June 30:</u> | |
| 2021 | \$ 100,452 |
| 2022 | 70,232 |
| 2023 | 50,384 |
| 2024 | 30,198 |
| 2025 | 43,057 |
| Thereafter | <u>(5,067)</u> |
| Total | <u>\$ 289,256</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 (2.75 percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

| | 1% Decrease (2.75%) | Discount Rate (3.75%) | 1% Increase (4.75%) |
|----------------|------------------------|--------------------------|------------------------|
| Net OPEB asset | \$ 216,855 | \$ 256,035 | \$ 294,105 |

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.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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% | 1.4% |
| Global Equity | 42% | 5.3% |
| Real Estate | 8% | 4.3% |
| Alternatives | 8% | 8.9% |
| Opportunistic Fixed Income | 7% | 6.0% |
| Inflation Sensitive | 6% | 4.0% |
| Total | 100% | |

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) | \$ (3,089,542) | \$ 239,625 | \$ (2,849,917) |
| OPEB liability (asset) | 187,109,403 | (256,035) | 186,853,368 |
| Proportionate share of the net OPEB liability (asset) | 0.5914% | 0.5934% | |
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | \$ - | \$ 261,559 | \$ 261,559 |
| Changes of assumptions | 8,993,359 | 28,363 | 9,021,722 |
| Net difference between projected and actual earnings on plan investments | 124,600 | 48,768 | 173,368 |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 2,816,892 | - | 2,816,892 |
| Board contributions subsequent to the measurement date | 6,422,825 | 99,271 | 6,522,096 |
| Totals | <u>\$ 18,357,676</u> | <u>\$ 437,961</u> | <u>\$ 18,795,637</u> |
| Deferred Inflows of Resources: | | | |
| Differences between expected and actual experience | \$ 9,432,671 | \$ - | \$ 9,432,671 |
| Changes of assumptions | 56,253,287 | 26,268 | 56,279,555 |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 5,905,913 | 23,166 | 5,929,079 |
| Totals | <u>\$ 71,591,871</u> | <u>\$ 49,434</u> | <u>\$ 71,641,305</u> |

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

2. Accounts Payable

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

| | <u>Vendors and Other</u> | <u>Salaries and Benefits</u> | <u>Total</u> |
|-------------------------------|------------------------------|----------------------------------|---------------------|
| Governmental activities: | | | |
| General Fund | \$ 1,808,760 | \$ 1,433,882 | \$ 3,242,642 |
| Other governmental activities | <u>3,277,251</u> | <u>3,131,808</u> | <u>6,409,059</u> |
| Total governmental activities | <u>\$ 5,086,011</u> | <u>\$ 4,565,690</u> | <u>\$ 9,651,701</u> |
| Business-type activities: | | | |
| School Food Service Fund | <u>\$ 180,619</u> | <u>\$ -</u> | <u>\$ 180,619</u> |

3. Unearned Revenues

The balance in unearned revenues at year-end is composed of the following elements

| | | |
|--|--|-------------------|
| Governmental activities: | | |
| Prepayment of pre-k tuition (Other Special Revenue Fund) | | \$ 17,883 |
| Prepaid use fee (Capital Outlay Fund - see below) | | <u>613,667</u> |
| Total governmental activities | | <u>\$ 631,550</u> |
| Business-type activities: | | |
| Prepayments of meals (School Food Service Fund) | | \$ 217,059 |
| Prepayments of tuition (Child Care Fund) | | <u>196,721</u> |
| Total business-type activities | | <u>\$ 413,780</u> |

During the 2004 fiscal year, the Board entered into a lease agreement with the University of North Carolina at Chapel Hill (the "University"), whereby the Board constructed additional space at Smith Middle School which is being leased to the University for a period of thirty years. During the first ten years of the agreement, the parties could terminate the agreement only upon a breach of the agreement that remained uncured for a reasonable amount of time after receipt of notice of the breach. In such event, the Board shall refund the University an amount equal to the use fee prorated over the remaining number of years of the ten-year period. The agreement required the University to pay a use fee of \$1,315,000 at the beginning of the lease. Due to the terms of the agreement, this fee is being recognized as revenue by the Board over a ten-year period in the governmental funds statements (Capital Outlay Fund) and over a thirty-year period in the governmental activities statements. At June 30, 2020 the fee had been fully recognized as revenue in the fund statements while unearned revenue reported in the Statement of Net Position for governmental activities totaled \$613,667.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 6,055,215 | \$ 9,571,328 |
| Changes of assumptions | 16,401,822 | 56,279,555 |
| Net difference between projected and actual earnings on pension and OPEB plan investments | 1,501,016 | - |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 2,827,414 | 6,662,086 |
| Board contributions subsequent to the measurement date | 19,397,528 | - |
| Total | <u>\$ 46,182,995</u> | <u>\$ 72,512,969</u> |

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for both general liability and errors and omissions of \$3,150,000 each. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage. Additionally, the Board purchases commercial general liability insurance through a private insurer. Through the private insurer, the Board maintains general liability coverage of \$1 million per claim. The private insurer has an annual aggregate limit for general liability of \$3 million, as well as an additional \$2 million in umbrella liability. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. Business property insurance is purchased through a private insurer. The policy coverage insures the tangible property assets of the Board. Buildings and contents are insured on an agreed value basis.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the 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.

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 \$50,000. 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.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

6. Contingent Liabilities

As of the date of our report, the Board was a defendant to a lawsuit and a threatened lawsuit for \$1,000,000 each, alleging negligence on the part of the school system. The Board was also a defendant to two other threatened lawsuits. The Board's management and the Board's attorneys have been unable to determine the amount of loss, if any, the Board might incur as a result of these legal matters.

7. Long-Term Obligations

a. Direct Placement 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 moneys 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 special third-party direct placement financing arrangements. During the current and prior fiscal years, the Board entered into such contracts for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The gross amount of buses acquired under outstanding installment purchase contracts totaled \$602,111 at June 30, 2020. The contracts each require four equal 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.

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> <u>Principal</u> |
|-----------------------------|--|
| 2021 | \$ 150,530 |
| 2022 | <u>43,938</u> |
| Total | <u>\$ 194,468</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:

| | <u>July 1, 2019</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2020</u> | <u>Current Portion</u> |
|--|----------------------|----------------------|---------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Direct placement installment purchases | \$ 344,995 | \$ - | \$ 150,527 | \$ 194,468 | \$ 150,530 |
| Net pension liability | 65,619,213 | 2,671,310 | - | 68,290,523 | - |
| Net OPEB liability | 168,938,220 | 15,547,722 | - | 184,485,942 | - |
| Compensated absences | 9,196,668 | 6,464,009 | 5,628,012 | 10,032,665 | 3,605,461 |
| Total | <u>\$244,099,096</u> | <u>\$ 24,683,041</u> | <u>\$ 5,778,539</u> | <u>\$263,003,598</u> | <u>\$ 3,755,991</u> |
| Business-type activities: | | | | | |
| Net pension liability | \$ 996,978 | \$ - | \$ 25,861 | \$ 971,117 | \$ - |
| Net OPEB liability | 2,566,743 | 56,718 | - | 2,623,461 | - |
| Compensated absences | 143,191 | 94,288 | 91,507 | 145,972 | 55,788 |
| Total | <u>\$ 3,706,912</u> | <u>\$ 151,006</u> | <u>\$ 117,368</u> | <u>\$ 3,740,550</u> | <u>\$ 55,788</u> |

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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> |
|------------------------|--------------------------|------------------|
| Federal Grants Fund | General Fund | <u>\$ 35,929</u> |
| General Fund | State Public School Fund | <u>\$ 3,934</u> |

The amount owed by the General Fund to the Federal Grants Fund is for a bank overdraft in the Board's State bank account. The State Public School Fund owes the General Fund \$3,934 for reimbursement of expenditures that were transferred by the General Fund to the State Public School Fund. These amounts are expected to be paid prior to June 30, 2021.

2. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2020 consisted of the following:

| | |
|--|-------------------|
| From the General Fund to the School Food Service Fund for the payment of operating expenses | <u>\$ 204,925</u> |
| From the State Public School Fund to the School Food Service Fund for the payment of administrative salaries | <u>\$ 60,421</u> |

3. Transfers / Contributed Capital

During the year ended June 30, 2020, the Capital Outlay Fund purchased capitalized equipment for the School Food Service Fund totaling \$50,535. This amount is presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

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 | \$ 15,876,527 |
| Less: | |
| Prepaid expenditures | (928,896) |
| Stabilization by State statute | (335,440) |
| Appropriated fund balance in the fiscal year 2020-2021 budget | <u>(3,736,550)</u> |
| Unassigned fund balance at June 30, 2020 | <u>\$ 10,875,641</u> |

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 | \$ 62,711 |
| Capital Outlay Fund | 238,941 |
| Other Special Revenue Fund | 90,953 |
| School Food Service Fund | 107,666 |

NOTE 3 - 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.

**CHAPEL HILL-CARRBORO CITY 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***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Board's proportion of the net pension liability (asset) | 0.668% | 0.669% | 0.657% | 0.664% | 0.649% |
| Board's proportionate share of the net pension liability (asset) | \$ 69,261,640 | \$ 66,616,191 | \$ 52,139,592 | \$ 60,979,747 | \$ 23,928,359 |
| Board's covered payroll | \$ 97,948,698 | \$ 92,724,369 | \$ 90,390,160 | \$ 86,236,820 | \$ 85,908,323 |
| Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 70.71% | 71.84% | 57.68% | 70.71% | 27.85% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.56% | 87.61% | 89.51% | 87.32% | 94.64% |
| | <u>2015</u> | <u>2014</u> | | | |
| Board's proportion of the net pension liability (asset) | 0.629% | 0.624% | | | |
| Board's proportionate share of the net pension liability (asset) | \$ 7,373,239 | \$ 37,907,443 | | | |
| Board's covered payroll | \$ 81,794,672 | \$ 81,543,352 | | | |
| Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 9.01% | 46.49% | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 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.

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 12,875,432 | \$ 12,037,895 | \$ 9,995,687 | \$ 9,020,938 | \$ 7,890,669 |
| Contributions in relation to the contractually required contribution | <u>12,875,432</u> | <u>12,037,895</u> | <u>9,995,687</u> | <u>9,020,938</u> | <u>7,890,669</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered payroll | \$ 99,270,871 | \$ 97,948,698 | \$ 92,724,369 | \$ 90,390,160 | \$ 86,236,820 |
| Contributions as a percentage of covered payroll | 12.97% | 12.29% | 10.78% | 9.98% | 9.15% |
| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Contractually required contribution | \$ 7,860,612 | \$ 7,107,957 | \$ 6,797,566 | \$ 6,016,874 | \$ 4,009,431 |
| Contributions in relation to the contractually required contribution | <u>7,860,612</u> | <u>7,107,957</u> | <u>6,797,566</u> | <u>6,016,874</u> | <u>4,009,431</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered payroll | \$ 85,908,323 | \$ 81,794,672 | \$ 81,603,434 | \$ 80,871,960 | \$ 81,327,204 |
| Contributions as a percentage of covered payroll | 9.15% | 8.69% | 8.33% | 7.44% | 4.93% |

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST FOUR FISCAL YEARS***

| | 2020 | 2019 | 2018 | 2017 |
|--|----------------|----------------|----------------|----------------|
| Board's proportion of the net OPEB liability (asset) | 0.591% | 0.602% | 0.607% | 0.593% |
| Board's proportionate share of the net OPEB liability (asset) | \$ 187,109,403 | \$ 171,504,963 | \$ 198,969,592 | \$ 257,834,844 |
| Board's covered payroll | \$ 97,948,698 | \$ 92,724,369 | \$ 90,390,160 | \$ 86,236,820 |
| Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 191.03% | 184.96% | 220.12% | 298.98% |
| 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.

**CHAPEL HILL-CARRBORO CITY 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 | \$ 6,422,825 | \$ 6,141,383 | \$ 5,609,824 | \$ 5,225,842 | \$ 4,833,393 |
| Contributions in relation to the contractually required contribution | <u>6,422,825</u> | <u>6,141,383</u> | <u>5,609,824</u> | <u>5,225,842</u> | <u>4,833,393</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered payroll | \$ 99,270,871 | \$ 97,948,698 | \$ 92,724,369 | \$ 90,390,160 | \$ 86,236,820 |
| Contributions as a percentage of covered payroll | 6.47% | 6.27% | 6.05% | 5.81% | 5.60% |
| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Contractually required contribution | \$ 4,693,298 | \$ 4,408,641 | \$ 4,324,982 | \$ 4,043,598 | \$ 3,985,033 |
| Contributions in relation to the contractually required contribution | <u>4,693,298</u> | <u>4,408,641</u> | <u>4,324,982</u> | <u>4,043,598</u> | <u>3,985,033</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered payroll | \$ 85,908,323 | \$ 81,794,672 | \$ 81,603,434 | \$ 80,871,960 | \$ 81,327,204 |
| Contributions as a percentage of covered payroll | 5.49% | 5.40% | 5.30% | 5.00% | 4.90% |

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST FOUR FISCAL YEARS***

| | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|
| Board's proportion of the net OPEB asset | 0.593% | 0.592% | 0.584% | 0.596% |
| Board's proportionate share of the net OPEB asset | \$ 256,035 | \$ 179,756 | \$ 357,198 | \$ 369,905 |
| Board's covered payroll | \$ 97,948,698 | \$ 92,724,369 | \$ 90,390,160 | \$ 86,236,820 |
| Board's proportionate share of the net OPEB asset as a percentage of its covered payroll | 0.26% | 0.19% | 0.40% | 0.43% |
| Plan fiduciary net position as a percentage of the total OPEB asset | 113.00% | 108.47% | 116.23% | 116.06% |

53 * 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.

**CHAPEL HILL-CARRBORO CITY 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 | \$ 99,271 | \$ 137,128 | \$ 129,814 | \$ 341,793 | \$ 353,873 |
| Contributions in relation to the contractually required contribution | <u>99,271</u> | <u>137,128</u> | <u>129,814</u> | <u>341,793</u> | <u>353,873</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered payroll | \$ 99,270,871 | \$ 97,948,698 | \$ 92,724,369 | \$ 90,390,160 | \$ 86,236,820 |
| Contributions as a percentage of covered payroll | 0.10% | 0.14% | 0.14% | 0.38% | 0.41% |
| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Contractually required contribution | \$ 350,501 | \$ 359,223 | \$ 359,055 | \$ 420,534 | \$ 422,902 |
| Contributions in relation to the contractually required contribution | <u>350,501</u> | <u>359,223</u> | <u>359,055</u> | <u>420,534</u> | <u>422,902</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered payroll | \$ 85,908,323 | \$ 81,794,672 | \$ 81,603,434 | \$ 80,871,960 | \$ 81,327,204 |
| Contributions as a percentage of covered payroll | 0.41% | 0.44% | 0.44% | 0.52% | 0.52% |



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CHAPEL HILL-CARRBORO CITY 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

| | Final Budget | Actual | Variance with Final Budget |
|--|-------------------|-------------------|-------------------------------|
| Revenues: | | | |
| Orange County: | | | |
| Local current expense | \$ 53,419,518 | \$ 53,419,518 | \$ - |
| Other: | | | |
| Fines and forfeitures | 300,000 | 282,660 | (17,340) |
| Supplemental school taxes | 24,267,972 | 24,292,399 | 24,427 |
| Interest earned on investment | 100,000 | 128,787 | 28,787 |
| Indirect costs allocated | 220,000 | 143,125 | (76,875) |
| Transportation revenue | - | 503,826 | 503,826 |
| Sales and use tax refund | 100,000 | 224,517 | 124,517 |
| Miscellaneous | 100,000 | 50,010 | (49,990) |
| Total other | <u>25,087,972</u> | <u>25,625,324</u> | <u>537,352</u> |
| Total revenues | <u>78,507,490</u> | <u>79,044,842</u> | <u>537,352</u> |
| Expenditures: | | | |
| Current: | | | |
| Instructional services: | | | |
| Regular instructional | 26,732,213 | 26,628,441 | 103,772 |
| Special populations | 11,479,835 | 10,731,389 | 748,446 |
| Alternative programs | 3,723,159 | 2,925,687 | 797,472 |
| School leadership | 5,047,021 | 4,891,888 | 155,133 |
| Co-curricular | 2,743,927 | 2,530,743 | 213,184 |
| School-based support | 10,171,309 | 9,175,582 | 995,727 |
| Total instructional services | <u>59,897,464</u> | <u>56,883,730</u> | <u>3,013,734</u> |
| System-wide support services: | | | |
| Support and development | 1,287,222 | 1,266,286 | 20,936 |
| Special population support and development | 683,329 | 654,817 | 28,512 |
| Alternative programs and services support and development | 45,475 | 40,134 | 5,341 |
| Technology support | 2,679,122 | 2,052,133 | 626,989 |
| Operational support | 9,546,097 | 8,378,762 | 1,167,335 |
| Financial and human resource services | 2,737,502 | 2,549,200 | 188,302 |
| Accountability | 583,733 | 514,461 | 69,272 |
| System-wide pupil support | 80,872 | 18,121 | 62,751 |
| Policy, leadership and public relations | 3,073,939 | 2,639,928 | 434,011 |
| Total system-wide support services | <u>20,717,291</u> | <u>18,113,842</u> | <u>2,603,449</u> |

CHAPEL HILL-CARRBORO CITY 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>31,718</u> | <u>31,718</u> | <u>-</u> |
| Non-programmed charges: | | | |
| Payments to other governments | <u>756,092</u> | <u>756,092</u> | <u>-</u> |
| Total expenditures | <u>81,402,565</u> | <u>75,785,382</u> | <u>5,617,183</u> |
| Revenues over (under) expenditures | (2,895,075) | 3,259,460 | 6,154,535 |
| Other financing uses: | | | |
| Transfers to other funds | (204,925) | (204,925) | - |
| Fund balance appropriated | <u>3,100,000</u> | <u>-</u> | <u>(3,100,000)</u> |
| Net change in fund balance | <u>\$ -</u> | 3,054,535 | <u>\$ 3,054,535</u> |
| Fund balance: | | | |
| Beginning of year | | <u>12,821,992</u> | |
| End of year | | <u>\$ 15,876,527</u> | |

CHAPEL HILL-CARRBORO CITY 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

| | Final Budget | Actual | Variance with Final Budget |
|---|-------------------|---------------------|-------------------------------|
| Revenues: | | | |
| State of North Carolina: | | | |
| State appropriations - buses | \$ 150,527 | \$ 150,527 | \$ - |
| Orange County: | | | |
| Local bond revenues | 57,958,828 | 40,781,329 | (17,177,499) |
| General county appropriations | 1,804,200 | 1,804,200 | - |
| Total Orange County | <u>59,763,028</u> | <u>42,585,529</u> | <u>(17,177,499)</u> |
| Other: | | | |
| Sales tax refund | - | 71,024 | 71,024 |
| Total revenues | <u>59,913,555</u> | <u>42,807,080</u> | <u>(17,106,475)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instructional services: | | | |
| Regular instructional | 337,300 | 147,582 | 189,718 |
| System-wide support services: | | | |
| Technology support | 887,170 | 885,310 | 1,860 |
| Operational support | 514,016 | 458,876 | 55,140 |
| Policy, leadership and public relations | 800 | - | 800 |
| Total system-wide support services | <u>1,401,986</u> | <u>1,344,186</u> | <u>57,800</u> |
| Ancillary services: | | | |
| Nutrition | 51,399 | 50,535 | 864 |
| Debt service: | | | |
| Principal retirement | 150,527 | 150,527 | - |
| Capital outlay | 57,972,343 | 40,569,049 | 17,403,294 |
| Total expenditures | <u>59,913,555</u> | <u>42,261,879</u> | <u>17,651,676</u> |
| Revenues over expenditures | - | 545,201 | 545,201 |
| Other financing sources: | | | |
| Insurance proceeds | - | 97,655 | 97,655 |
| Net change in fund balance | <u>\$ -</u> | 642,856 | <u>\$ 642,856</u> |
| Fund balance: | | | |
| Beginning of year | | 1,516,333 | |
| End of year | | <u>\$ 2,159,189</u> | |

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2020

| | <u>Elementary Schools</u> | <u>Middle Schools</u> | <u>High Schools</u> | <u>Totals</u> |
|----------------------------|-------------------------------|---------------------------|-------------------------|---------------------|
| Revenues | \$ 386,610 | \$ 491,242 | \$ 1,081,710 | \$ 1,959,562 |
| Expenditures | <u>347,171</u> | <u>422,260</u> | <u>1,049,067</u> | <u>1,818,498</u> |
| Net change in fund balance | 39,439 | 68,982 | 32,643 | 141,064 |
| Fund balances: | | | | |
| Beginning of year | <u>190,269</u> | <u>228,984</u> | <u>783,498</u> | <u>1,202,751</u> |
| End of year | <u>\$ 229,708</u> | <u>\$ 297,966</u> | <u>\$ 816,141</u> | <u>\$ 1,343,815</u> |

CHAPEL HILL-CARRBORO CITY 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 | \$ 1,673,700 | \$ 1,304,039 | \$ (369,661) |
| Operating expenditures: | | | |
| Business support services: | | | |
| Purchase of food | | 525 | |
| Salaries and benefits | | 912,701 | |
| Materials and supplies | | 25,055 | |
| Repairs and maintenance | | 41,604 | |
| Non-capitalized equipment | | 4,965 | |
| Chartwells management fees | | 3,057,486 | |
| Other | | 19,750 | |
| Total operating expenditures | 4,744,300 | 4,062,086 | 682,214 |
| Operating loss | (3,070,600) | (2,758,047) | 312,553 |
| Nonoperating revenues: | | | |
| Federal reimbursements | | 2,431,852 | |
| Federal commodities | | 270,644 | |
| State reimbursements | | 4,512 | |
| Total nonoperating revenues | 2,845,600 | 2,707,008 | (138,592) |
| Deficiency of revenues over expenditures before other financing sources | (225,000) | (51,039) | 173,961 |
| Other financing sources: | | | |
| Transfers from other funds | 225,000 | 265,346 | 40,346 |
| Net change in fund balance | \$ - | 214,307 | \$ 214,307 |
| Reconciliation of modified accrual to full accrual basis: | | | |
| Reconciling items: | | | |
| Depreciation | | (119,260) | |
| Net OPEB asset | | 393 | |
| Net pension liability | | 643 | |
| Net OPEB liability | | (48,471) | |
| Deferred outflows - pension and OPEB | | (17,443) | |
| Deferred inflows - pension and OPEB | | 117,196 | |
| Capital contributions | | 50,535 | |
| Indirect costs | | (89,674) | |
| Indirect costs not paid | | 89,674 | |
| Decrease in compensated absences payable | | 3,476 | |
| Change in net position (full accrual) | | \$ 201,376 | |

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2020

| | Final Budget | Actual | Variance with Final Budget |
|--|------------------|-------------------|-------------------------------|
| Operating revenues: | | | |
| Child care fees | \$ 1,658,949 | \$ 1,397,470 | \$ (261,479) |
| Rental of school property | 260,000 | 394,681 | 134,681 |
| Total operating revenue | <u>1,918,949</u> | <u>1,792,151</u> | <u>(126,798)</u> |
| Operating expenditures: | | | |
| Regular community services: | | | |
| Purchase of food | | 94,895 | |
| Salaries and benefits | | 1,538,257 | |
| Materials and supplies | | 16,985 | |
| Non-capitalized equipment | | 675 | |
| Contracted services | | 4,959 | |
| Other | | 21,119 | |
| Total operating expenditures | <u>1,981,189</u> | <u>1,676,890</u> | <u>304,299</u> |
| Operating income (loss) | <u>(62,240)</u> | <u>115,261</u> | <u>177,501</u> |
| Nonoperating revenues: | | | |
| Contributions and donations | 12,240 | 12,240 | - |
| Other | 50,000 | - | (50,000) |
| Total nonoperating revenues | <u>62,240</u> | <u>12,240</u> | <u>(50,000)</u> |
| Net change in fund balance | <u>\$ -</u> | 127,501 | <u>\$ 127,501</u> |
| Reconciliation of modified accrual to full accrual basis: | | | |
| Reconciling items: | | | |
| Net OPEB asset | | 507 | |
| Net pension liability | | 25,218 | |
| Net OPEB liability | | (8,247) | |
| Deferred outflows - pension and OPEB | | (42,701) | |
| Deferred inflows - pension and OPEB | | 203,658 | |
| Increase in compensated absences payable | | <u>(6,257)</u> | |
| Change in net position (full accrual) | | <u>\$ 299,679</u> | |

**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
EMPLOYEE FLEXIBLE SPENDING ACCOUNT AGENCY FUND
For the Fiscal Year Ended June 30, 2020**

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|--|----------------------------|-------------------|-------------------|-----------------------------|
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 279,612</u> | <u>\$ 877,357</u> | <u>\$ 808,828</u> | <u>\$ 348,141</u> |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | <u>\$ 279,612</u> | <u>\$ 877,357</u> | <u>\$ 808,828</u> | <u>\$ 348,141</u> |



Statistical Section

STATISTICAL SECTION

The Statistical Section of the 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 status and outlook.

Financial Trends

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

- Net Position by Component
- Changes in Net Position
- Governmental Funds – Fund Balances
- Governmental Funds - Changes in Fund Balances
- Net Position History for the School Food Service and Child Care Funds

Revenue Capacity

These schedules contain trend information to help the reader assess the Board's most significant revenue sources.

- Financial Perspective – Governmental and Business-type Activities
- Proprietary Fund – Food Services Operations – Revenues by Source and Expenses by Category

Debt Capacity–Chapel Hill–Carrboro City Board of Education and Orange County, NC

Since the Board has no tax-levying or debt-issuing authority, the County of Orange provides significant funding to the school system. Debt is issued by the County on behalf of CHCCS to fund capital projects by bond referendum or private financing. Selected fiscal data from the County of Orange have been included to help the reader better understand the school system and its financial operations.

- Debt Obligations - Chapel Hill - Carrboro City Board of Education
- Orange County, NC – Ratios of Outstanding Debt by Type

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

- Principal Property Taxpayers
- Property Tax Levies and Collections
- Assessed Value of Taxable Property
- Demographic and Economic Statistics
- Principal Employers

STATISTICAL SECTION (continued)

Operating Information

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

Operational Expenditures Per Pupil
Average Daily Membership
Full-Time Equivalent Governmental Employees by Function/Program
Student Statistics
Instructional Personnel
School Building Data

Sources of Information

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.



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CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION

Net Position by Component Last Ten Fiscal Years

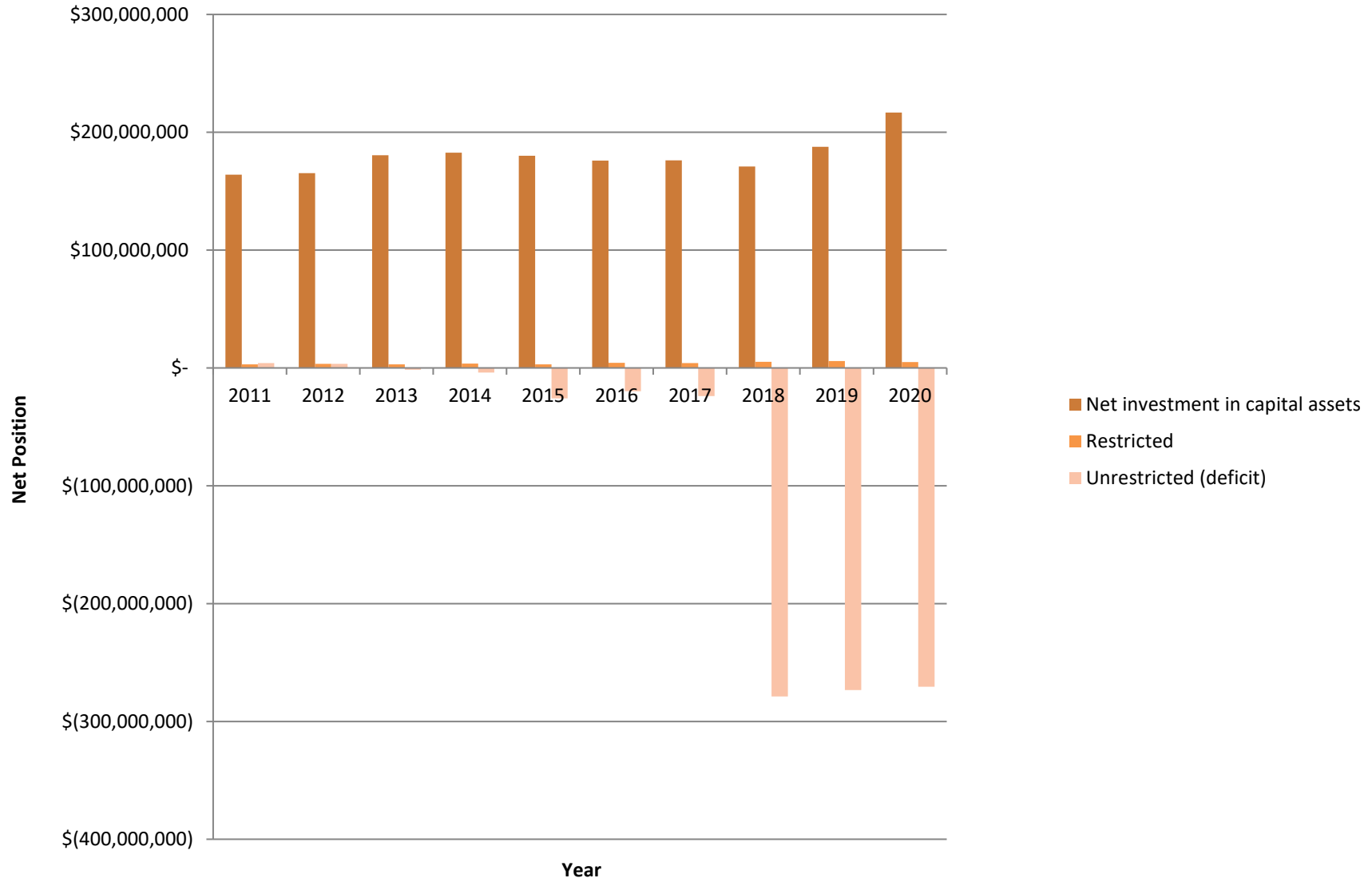
| Year Ended June 30 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|------------------------|------------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 163,961,928 | \$ 165,245,825 | \$ 180,562,451 | \$ 182,769,201 | \$ 180,120,404 | \$ 175,930,029 | \$ 176,085,739 | \$ 170,960,490 | \$ 187,623,578 | \$ 216,820,123 |
| Restricted | 3,023,739 | 3,403,894 | 2,943,181 | 3,733,701 | 3,060,507 | 4,313,375 | 4,149,855 | 5,165,492 | 5,851,605 | 4,917,092 |
| Unrestricted (deficit) | 4,081,358 | 3,355,228 | (1,507,943) | (4,026,196) | (25,876,479) | (19,810,737) | (23,893,751) | (278,867,260) | (273,295,992) | (270,610,136) |
| | <u>\$ 171,067,025</u> | <u>\$ 172,004,947</u> | <u>\$ 181,997,689</u> | <u>\$ 182,476,706</u> | <u>\$ 157,304,432</u> | <u>\$ 160,432,667</u> | <u>\$ 156,341,843</u> | <u>\$ (102,741,278)</u> | <u>\$ (79,820,809)</u> | <u>\$ (48,872,921)</u> |
| Business-type activities: | | | | | | | | | | |
| Investment in capital assets | \$ 351,474 | \$ 340,873 | \$ 329,853 | \$ 595,469 | \$ 662,343 | \$ 599,209 | \$ 574,753 | \$ 591,918 | \$ 521,987 | \$ 453,262 |
| Restricted | - | - | - | - | - | - | - | 10,748 | 11,747 | 9,038 |
| Unrestricted (deficit) | 203,985 | 336,611 | 363,478 | 252,864 | (192,193) | 10,783 | 209,146 | (3,899,505) | (3,271,455) | (2,698,966) |
| | <u>\$ 555,459</u> | <u>\$ 677,484</u> | <u>\$ 693,331</u> | <u>\$ 848,333</u> | <u>\$ 470,150</u> | <u>\$ 609,992</u> | <u>\$ 783,899</u> | <u>\$ (3,296,839)</u> | <u>\$ (2,737,721)</u> | <u>\$ (2,236,666)</u> |
| Government-wide: | | | | | | | | | | |
| Net investment in capital assets | \$ 164,313,402 | \$ 165,586,698 | \$ 180,892,304 | \$ 183,364,670 | \$ 180,782,747 | \$ 176,529,238 | \$ 176,660,492 | \$ 171,552,408 | \$ 188,145,565 | \$ 217,273,385 |
| Restricted | 3,023,739 | 3,403,894 | 2,943,181 | 3,733,701 | 3,060,507 | 4,313,375 | 4,149,855 | 5,176,240 | 5,863,352 | 4,926,130 |
| Unrestricted (deficit) | 4,285,343 | 3,691,839 | (1,144,465) | (3,773,332) | (26,068,672) | (19,799,954) | (23,684,605) | (282,766,765) | (276,567,447) | (273,309,102) |
| | <u>\$ 171,622,484</u> | <u>\$ 172,682,431</u> | <u>\$ 182,691,020</u> | <u>\$ 183,325,039</u> | <u>\$ 157,774,582</u> | <u>\$ 161,042,659</u> | <u>\$ 157,125,742</u> | <u>\$ (106,038,117)</u> | <u>\$ (82,558,530)</u> | <u>\$ (51,109,587)</u> |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

Note: Net position for 2014 and before are not comparable to 2015 (and after) net position due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Net position for 2017 and before are not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Net Position By Component



CHAPEL HILL-CARRBORO CITY 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 services | \$ 103,809,475 | \$ 104,948,573 | \$ 109,512,140 | \$ 109,586,544 | \$ 108,968,591 | \$ 110,941,537 | \$ 124,200,421 | \$ 131,693,298 | \$ 131,036,239 | \$ 138,146,302 |
| School-wide support services | 22,689,231 | 23,529,956 | 26,104,923 | 26,114,404 | 27,034,498 | 27,081,107 | 26,185,198 | 30,885,328 | 30,088,691 | 32,186,498 |
| Ancillary services | 237,408 | 136,883 | 106,706 | 90,470 | 61,433 | 61,697 | 65,179 | 73,074 | 80,787 | 145,254 |
| Payments to other governments | 575,187 | 527,076 | 508,313 | 649,613 | 819,752 | 691,229 | 682,572 | 651,420 | 696,636 | 754,422 |
| Interest on long-term debt | 16,154 | 675 | 20,142 | 32,455 | 24,695 | 16,704 | 8,476 | - | - | - |
| Unallocated depreciation expense | 5,657,984 | 5,757,524 | 6,284,193 | 5,358,748 | 6,996,814 | 7,101,720 | 7,090,769 | 6,939,689 | 6,712,646 | 6,748,407 |
| Total governmental activities | 132,985,439 | 134,900,687 | 142,536,417 | 141,832,234 | 143,905,783 | 145,893,994 | 158,232,615 | 170,242,809 | 168,614,999 | 177,980,883 |
| Business-type activities: | | | | | | | | | | |
| School food service | 3,957,877 | 4,009,913 | 4,174,046 | 4,265,306 | 4,170,678 | 4,203,705 | 4,438,518 | 4,521,692 | 4,097,841 | 4,125,552 |
| Child Care | 1,522,392 | 1,484,031 | 1,591,053 | 1,629,050 | 1,605,549 | 1,693,970 | 1,687,495 | 2,210,003 | 1,734,825 | 1,504,712 |
| Total business-type activities | 5,480,269 | 5,493,944 | 5,765,099 | 5,894,356 | 5,776,227 | 5,897,675 | 6,126,013 | 6,731,695 | 5,832,666 | 5,630,264 |
| Total government-wide | \$ 138,465,708 | \$ 140,394,631 | \$ 148,301,516 | \$ 147,726,590 | \$ 149,682,010 | \$ 151,791,669 | \$ 164,358,628 | \$ 176,974,504 | \$ 174,447,665 | \$ 183,611,147 |
| Program Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Co-curricular | \$ 2,655,827 | \$ 2,712,319 | \$ 2,900,197 | \$ 2,626,915 | \$ 2,434,363 | \$ 2,578,856 | \$ 2,511,886 | \$ 2,434,193 | \$ 2,761,964 | \$ 1,959,562 |
| Operational support | 470,487 | 515,397 | 494,505 | 725,262 | 755,480 | 852,073 | 832,866 | 825,930 | 246,199 | 86,682 |
| Operating grants and contributions | 67,177,842 | 64,339,584 | 64,250,067 | 63,995,592 | 68,179,662 | 68,043,688 | 69,805,753 | 71,869,257 | 80,806,884 | 81,803,744 |
| Capital grants and contributions | 157,678 | 39,470 | 162,818 | 61,675 | 102,730 | 226,924 | 145,250 | 231,314 | 193,580 | 150,527 |
| Total governmental activities | 70,461,834 | 67,606,770 | 67,807,587 | 67,409,444 | 71,472,235 | 71,701,541 | 73,295,755 | 75,360,694 | 84,008,627 | 84,000,515 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| School food service | 1,913,273 | 1,861,576 | 1,785,164 | 1,720,720 | 1,652,723 | 1,671,160 | 1,714,143 | 1,784,876 | 1,820,105 | 1,304,039 |
| Child care | 1,645,250 | 1,749,274 | 1,872,606 | 1,838,115 | 1,941,681 | 1,997,142 | 2,109,648 | 2,147,574 | 2,073,301 | 1,792,151 |
| Operating grants and contributions | 1,648,292 | 1,863,465 | 2,055,701 | 2,177,773 | 2,154,519 | 2,334,424 | 2,449,659 | 2,457,780 | 2,401,813 | 2,719,248 |
| Total business-type activities | 5,206,815 | 5,474,315 | 5,713,471 | 5,736,608 | 5,748,923 | 6,002,726 | 6,273,450 | 6,390,230 | 6,295,219 | 5,815,438 |
| Total government-wide | \$ 75,668,649 | \$ 73,081,085 | \$ 73,521,058 | \$ 73,146,052 | \$ 77,221,158 | \$ 77,704,267 | \$ 79,569,205 | \$ 81,750,924 | \$ 90,303,846 | \$ 89,815,953 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (62,523,605) | \$ (67,293,917) | \$ (74,728,830) | \$ (74,422,790) | \$ (72,433,548) | \$ (74,192,453) | \$ (84,936,860) | \$ (94,882,115) | \$ (84,606,372) | \$ (93,980,368) |
| Business-type activities | (273,454) | (19,629) | (51,628) | (157,748) | (27,304) | 105,051 | 147,437 | (341,465) | 462,553 | 185,174 |
| Total government-wide | \$ (62,797,059) | \$ (67,313,546) | \$ (74,780,458) | \$ (74,580,538) | \$ (72,460,852) | \$ (74,087,402) | \$ (84,789,423) | \$ (95,223,580) | \$ (84,143,819) | \$ (93,795,194) |

CHAPEL HILL-CARRBORO CITY 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 and city appropriations - operating | \$ 56,318,539 | \$ 56,321,027 | \$ 58,563,905 | \$ 62,845,255 | \$ 66,966,712 | \$ 68,428,740 | \$ 71,161,573 | \$ 74,210,787 | \$ 75,752,318 | \$ 77,711,917 |
| Unrestricted county appropriations - capital | 8,615,211 | 10,115,516 | 24,379,684 | 10,909,841 | 8,504,463 | 6,880,353 | 7,788,064 | 8,922,442 | 27,455,446 | 42,585,529 |
| Investment earnings, unrestricted | 102,977 | 86,429 | 42,140 | 38,313 | 23,785 | 32,149 | 59,843 | 88,417 | 128,483 | 128,787 |
| Miscellaneous, unrestricted | 1,817,484 | 1,850,521 | 1,803,318 | 1,421,148 | 2,214,920 | 2,014,237 | 1,863,024 | 2,415,695 | 4,287,159 | 4,817,904 |
| Transfers | (500,017) | (141,654) | (67,475) | (312,750) | (193,286) | (34,791) | (26,470) | (176,945) | (96,565) | (315,881) |
| Total governmental activities | 66,354,194 | 68,231,839 | 84,721,572 | 74,901,807 | 77,516,594 | 77,320,688 | 80,846,034 | 85,460,396 | 107,526,841 | 124,928,256 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings, unrestricted | 3,713 | - | - | - | - | - | - | - | - | - |
| Transfers | 500,017 | 141,654 | 67,475 | 312,750 | 193,286 | 34,791 | 26,470 | 176,945 | 96,565 | 315,881 |
| Total business-type activities | 503,730 | 141,654 | 67,475 | 312,750 | 193,286 | 34,791 | 26,470 | 176,945 | 96,565 | 315,881 |
| Total government-wide | \$ 66,857,924 | \$ 68,373,493 | \$ 84,789,047 | \$ 75,214,557 | \$ 77,709,880 | \$ 77,355,479 | \$ 80,872,504 | \$ 85,637,341 | \$ 107,623,406 | \$ 125,244,137 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 3,830,589 | \$ 937,922 | \$ 9,992,742 | \$ 479,017 | \$ 5,083,046 | \$ 3,128,235 | \$ (4,090,826) | \$ (9,421,719) | \$ 22,920,469 | \$ 30,947,888 |
| Business-type activities | 230,276 | 122,025 | 15,847 | 155,002 | 165,982 | 139,842 | 173,907 | (164,520) | 559,118 | 501,055 |
| Total government-wide | \$ 4,060,865 | \$ 1,059,947 | \$ 10,008,589 | \$ 634,019 | \$ 5,249,028 | \$ 3,268,077 | \$ (3,916,919) | \$ (9,586,239) | \$ 23,479,587 | \$ 31,448,943 |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

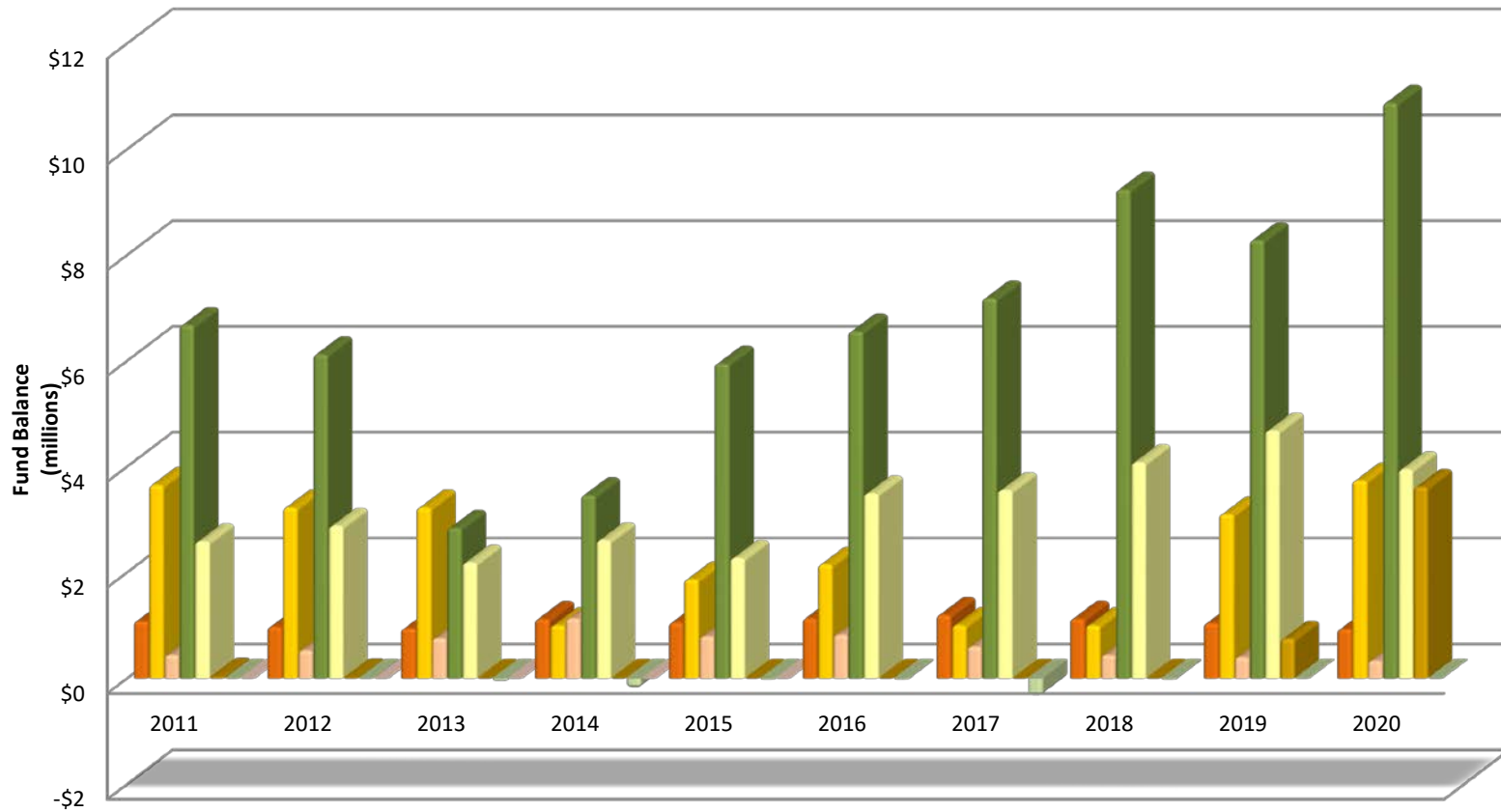
CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION

Governmental Funds Fund Balances Last Ten Fiscal Years

| Year Ended June 30 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | |
| Nonspendable | \$ 1,080,333 | \$ 972,818 | \$ 941,271 | \$ 1,120,202 | \$ 1,051,690 |
| Restricted | 443,625 | 528,824 | 758,515 | 1,131,274 | 792,982 |
| Assigned | 3,652,913 | 3,222,913 | 3,222,913 | 1,000,000 | 1,868,000 |
| Unassigned | 6,675,445 | 6,123,908 | 2,841,362 | 3,458,330 | 5,947,241 |
| Total General Fund | \$ 11,852,316 | \$ 10,848,463 | \$ 7,764,061 | \$ 6,709,806 | \$ 9,659,913 |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ - | \$ 425 | \$ - | \$ - | \$ - |
| Restricted | 2,580,114 | 2,875,070 | 2,184,666 | 2,602,427 | 2,267,525 |
| Assigned, reported in | | | | | |
| Special Revenue Funds | 28,970 | 11,169 | - | - | - |
| Unassigned, reported in | | | | | |
| Special Revenue Funds | - | - | (63,868) | (187,210) | (28,864) |
| Total all other governmental funds | \$ 2,609,084 | \$ 2,886,664 | \$ 2,120,798 | \$ 2,415,217 | \$ 2,238,661 |
| Year Ended June 30 | | | | | |
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Fund | | | | | |
| Nonspendable | \$ 1,134,291 | \$ 1,194,588 | \$ 1,125,306 | \$ 1,041,973 | \$ 928,896 |
| Restricted | 824,953 | 601,148 | 441,331 | 398,795 | 335,440 |
| Assigned | 2,148,000 | 1,000,000 | 1,000,000 | 3,100,000 | 3,736,550 |
| Unassigned | 6,554,954 | 7,180,587 | 9,236,779 | 8,281,224 | 10,875,641 |
| Total General Fund | \$ 10,662,198 | \$ 9,976,323 | \$ 11,803,416 | \$ 12,821,992 | \$ 15,876,527 |
| All Other Governmental Funds: | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 3,488,422 | 3,548,707 | 4,080,456 | 4,679,641 | 3,946,128 |
| Assigned, reported in | | | | | |
| Special Revenue Funds | - | - | - | 746,110 | 3,615,456 |
| Unassigned, reported in | | | | | |
| Special Revenue Funds | (28,863) | (335,567) | (31,201) | - | - |
| Total all other governmental funds | \$ 3,459,559 | \$ 3,213,140 | \$ 4,049,255 | \$ 5,425,751 | \$ 7,561,584 |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

Governmental Funds Fund Balance



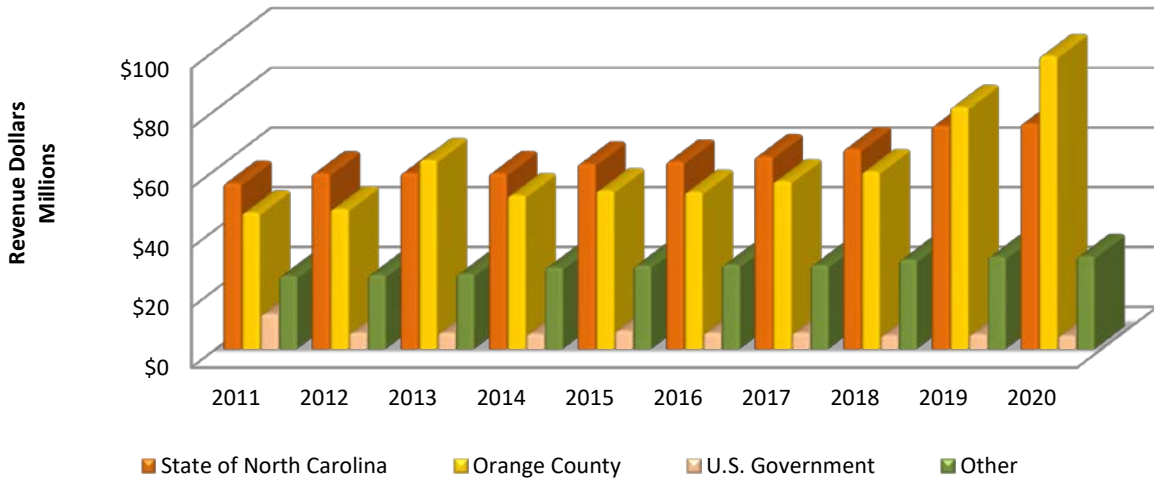
- Nonspendable, General
- Assigned, General
- Restricted, General
- Unassigned, General
- Restricted, All Other Governmental Funds
- Assigned, All Other Governmental Funds
- Unassigned, All Other Governmental Funds
- Nonspendable, All Other Governmental Funds

**Chapel Hill-Carrboro City Board of Education
Governmental Funds
Changes in Fund Balances
Last Ten Fiscal Years**

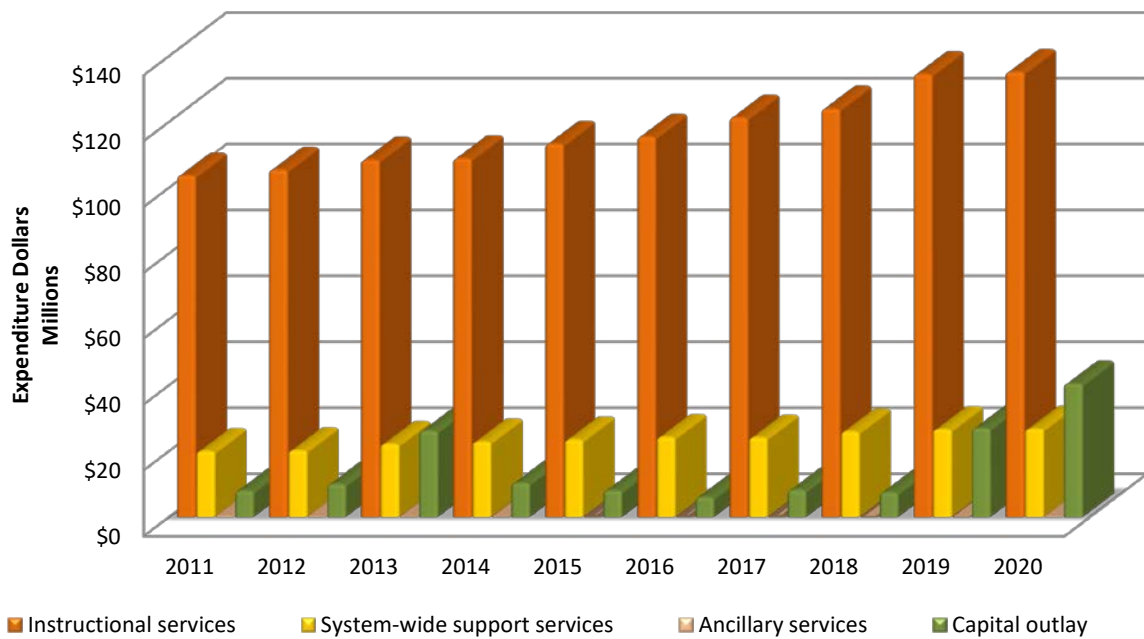
| Year Ended June 30 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------------------|---------------------|-----------------------|---------------------|---------------------|
| Revenues | | | | | |
| State of North Carolina | \$ 55,543,828 | \$ 58,808,280 | \$ 58,911,178 | \$ 58,878,531 | \$ 61,999,596 |
| Orange County | 45,703,931 | 46,915,324 | 63,241,889 | 51,422,939 | 53,064,569 |
| U.S. Government | 11,791,692 | 5,570,774 | 5,501,707 | 5,178,736 | 6,282,796 |
| Other | 24,551,625 | 24,885,251 | 25,157,529 | 27,375,623 | 27,977,875 |
| Total revenues | <u>137,591,076</u> | <u>136,179,629</u> | <u>152,812,303</u> | <u>142,855,829</u> | <u>149,324,836</u> |
| Expenditures | | | | | |
| Instructional services | 103,771,701 | 105,498,842 | 108,523,623 | 108,971,020 | 113,420,291 |
| System-wide support services | 20,087,800 | 20,327,573 | 22,260,008 | 22,987,200 | 23,595,307 |
| Ancillary services | 237,408 | 136,883 | 106,706 | 90,470 | 63,164 |
| Non-programmed charges | 762,551 | 638,776 | 636,315 | 793,774 | 1,006,307 |
| Debt service - principal | 700,922 | 98,292 | 435,540 | 322,084 | 370,899 |
| Debt service - interest | 16,154 | 675 | 20,142 | 32,455 | 24,695 |
| Capital outlay | 8,071,720 | 10,097,491 | 26,258,936 | 10,409,996 | 8,116,798 |
| Total expenditures | <u>133,648,256</u> | <u>136,798,532</u> | <u>158,241,270</u> | <u>143,606,999</u> | <u>146,597,461</u> |
| Revenues over (under) expenditures | 3,942,820 | (618,903) | (5,428,967) | (751,170) | 2,727,375 |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | 182,811 | 896,939 | 850,425 | 293,373 | 341,610 |
| Transfers to other funds | - | (1,004,309) | (880,273) | (302,039) | (377,544) |
| Installment purchase obligations | - | - | 1,608,547 | - | 82,110 |
| Insurance proceeds | - | - | - | - | - |
| | <u>182,811</u> | <u>(107,370)</u> | <u>1,578,699</u> | <u>(8,666)</u> | <u>46,176</u> |
| Net change in fund balances | <u>\$ 4,125,631</u> | <u>\$ (726,273)</u> | <u>\$ (3,850,268)</u> | <u>\$ (759,836)</u> | <u>\$ 2,773,551</u> |
| Ratio of debt service to non-capital expenditures | <u>0.57%</u> | <u>0.08%</u> | <u>0.35%</u> | <u>0.27%</u> | <u>0.29%</u> |
| Year Ended June 30 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | |
| State of North Carolina | \$ 62,738,821 | \$ 64,424,499 | \$ 66,960,199 | \$ 74,766,764 | \$ 75,458,354 |
| Orange County | 52,627,490 | 56,147,185 | 59,464,033 | 81,027,750 | 98,094,316 |
| U.S. Government | 5,531,791 | 5,526,504 | 4,690,607 | 5,034,629 | 4,624,676 |
| Other | 28,264,396 | 28,133,506 | 29,976,249 | 30,979,708 | 31,068,943 |
| Total revenues | <u>149,162,498</u> | <u>154,231,694</u> | <u>161,091,088</u> | <u>191,808,851</u> | <u>209,246,289</u> |
| Expenditures | | | | | |
| Instructional services | 115,549,913 | 121,387,316 | 124,096,523 | 134,585,266 | 135,257,654 |
| System-wide support services | 24,343,796 | 24,189,919 | 26,040,728 | 26,702,568 | 26,869,192 |
| Ancillary services | 63,669 | 64,112 | 69,709 | 82,413 | 144,261 |
| Non-programmed charges | 840,540 | 789,838 | 788,307 | 917,287 | 897,547 |
| Debt service - principal | 503,084 | 429,638 | 231,314 | 193,580 | 150,527 |
| Debt service - interest | 16,704 | 8,476 | - | - | - |
| Capital outlay | 6,117,029 | 8,297,696 | 7,578,417 | 27,059,202 | 40,569,049 |
| Total expenditures | <u>147,434,735</u> | <u>155,166,995</u> | <u>158,804,998</u> | <u>189,540,316</u> | <u>203,888,230</u> |
| Revenues over (under) expenditures | 1,727,763 | (935,301) | 2,286,090 | 2,268,535 | 5,358,059 |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | 1,154,000 | 1,283,632 | 200,000 | 200,000 | - |
| Transfers to other funds | (1,157,478) | (1,280,625) | (249,243) | (249,213) | (265,346) |
| Installment purchase obligations issued | 498,898 | - | 426,361 | 175,750 | - |
| Insurance proceeds | - | - | - | - | 97,655 |
| Total other financing sources (uses) | <u>495,420</u> | <u>3,007</u> | <u>377,118</u> | <u>126,537</u> | <u>(167,691)</u> |
| Net change in fund balances | <u>\$ 2,223,183</u> | <u>\$ (932,294)</u> | <u>\$ 2,663,208</u> | <u>\$ 2,395,072</u> | <u>\$ 5,190,368</u> |
| Ratio of debt service to non-capital expenditures | <u>0.36%</u> | <u>0.30%</u> | <u>0.15%</u> | <u>0.12%</u> | <u>0.09%</u> |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

Chapel Hill-Carborro City Board of Education Governmental Funds Revenue by Source



Expenditures by Function



**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
NET POSITION HISTORY FOR THE SCHOOL FOOD SERVICE AND CHILD CARE FUNDS
FOR THE LAST TEN YEARS**

| YEAR | SCHOOL FOOD SERVICE FUND | | | CHILD CARE FUND | | |
|------|---------------------------|--------------|---------------------------------------|---------------------------|--------------|---------------------------------------|
| | NET POSITION (DEFICIT) | EXPENSES | NET POSITION (DEFICIT) TO EXPENSES | NET POSITION (DEFICIT) | EXPENSES | NET POSITION (DEFICIT) TO EXPENSES |
| 2020 | \$ (905,556) | \$ 4,215,226 | -21.48% | \$ (1,331,110) | \$ 1,504,712 | -88.46% |
| 2019 | (1,106,932) | 4,190,760 | -26.41% | (1,630,789) | 1,734,825 | -94.00% |
| 2018 | (1,527,574) | 4,637,872 | -32.94% | (1,769,265) | 2,210,003 | -80.06% |
| 2017 | 237,283 | 4,561,520 | 5.20% | 546,616 | 1,687,495 | 32.39% |
| 2016 | 235,529 | 4,354,973 | 5.41% | 374,463 | 1,693,970 | 22.11% |
| 2015 | 148,859 | 4,312,157 | 3.45% | 321,291 | 1,605,549 | 20.01% |
| 2014 | 355,140 | 4,419,337 | 8.04% | 493,193 | 1,629,050 | 30.27% |
| 2013 | 165,830 | 4,310,893 | 3.85% | 527,501 | 1,591,053 | 33.15% |
| 2012 | 228,950 | 4,152,526 | 5.51% | 448,534 | 1,484,031 | 30.22% |
| 2011 | 209,068 | 4,174,184 | 5.01% | 346,391 | 1,522,392 | 22.75% |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

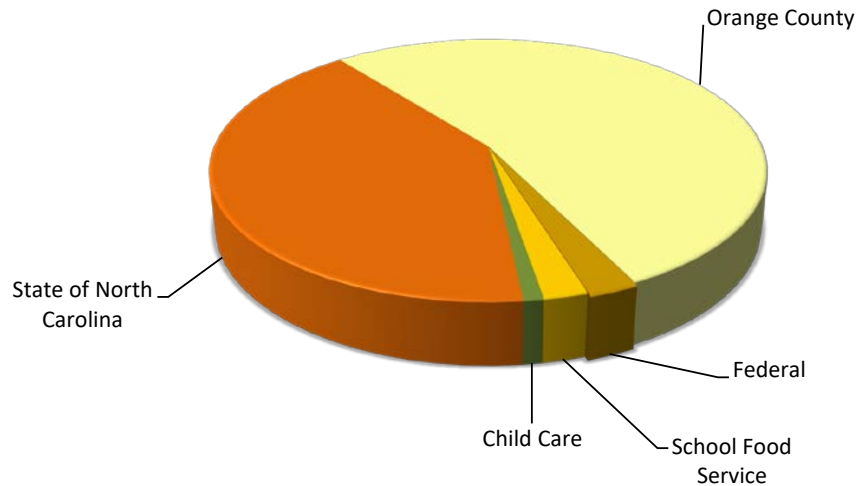
Note: Net position for 2014 and before are not comparable to 2015 (and after) net position due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Net position for 2017 and before are not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Financial Perspective

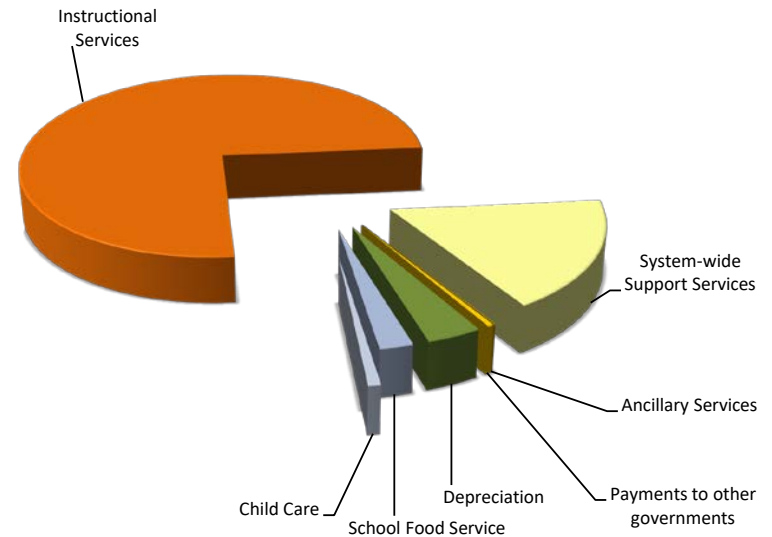
Governmental and Business-type Activities for Fiscal Year 2019-2020

Revenue Sources



| | |
|-------------------------|------------------------------|
| State of North Carolina | \$ 75,458,354 |
| Orange County | 98,094,316 |
| Federal | 4,624,676 |
| School Food Service | 4,011,047 |
| Child Care | 1,804,391 |
| Other | 31,067,306 |
| Total | <u>\$ 215,060,090</u> |

Expenses



| | |
|-------------------------------|------------------------------|
| Instructional Services | \$ 138,146,302 |
| System-wide Support Services | 32,186,498 |
| Ancillary Services | 145,254 |
| Payments to other governments | 754,422 |
| Depreciation | 6,748,407 |
| School Food Service | 4,125,552 |
| Child Care | 1,504,712 |
| Total | <u>\$ 183,611,147</u> |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION

Proprietary Fund - Food Service 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 | \$ 1,913,273 | \$ 1,861,576 | \$ 1,785,164 | \$ 1,720,720 | \$ 1,652,723 | \$ 1,671,160 | \$ 1,714,143 | \$ 1,784,876 | \$ 1,820,105 | \$ 1,304,039 |
| Federal Reimbursements | 1,489,132 | 1,697,467 | 1,863,739 | 1,918,154 | 1,927,898 | 2,077,777 | 2,184,617 | 2,171,052 | 2,145,199 | 2,431,852 |
| Federal Commodities | 159,160 | 161,631 | 187,786 | 234,534 | 220,602 | 251,491 | 260,164 | 280,656 | 252,214 | 270,644 |
| Other | 216,307 | 142,613 | 136,847 | 174,031 | 141,479 | 151,268 | 123,002 | 116,180 | 92,919 | 89,674 |
| State Reimbursements | - | 4,367 | 4,176 | 5,085 | 6,019 | 5,156 | 4,878 | 6,072 | 4,400 | 4,512 |
| Totals | \$3,777,872 | \$3,867,654 | \$3,977,712 | \$4,052,524 | \$3,948,721 | \$4,156,852 | \$4,286,804 | \$4,358,836 | \$4,314,837 | \$4,100,721 |

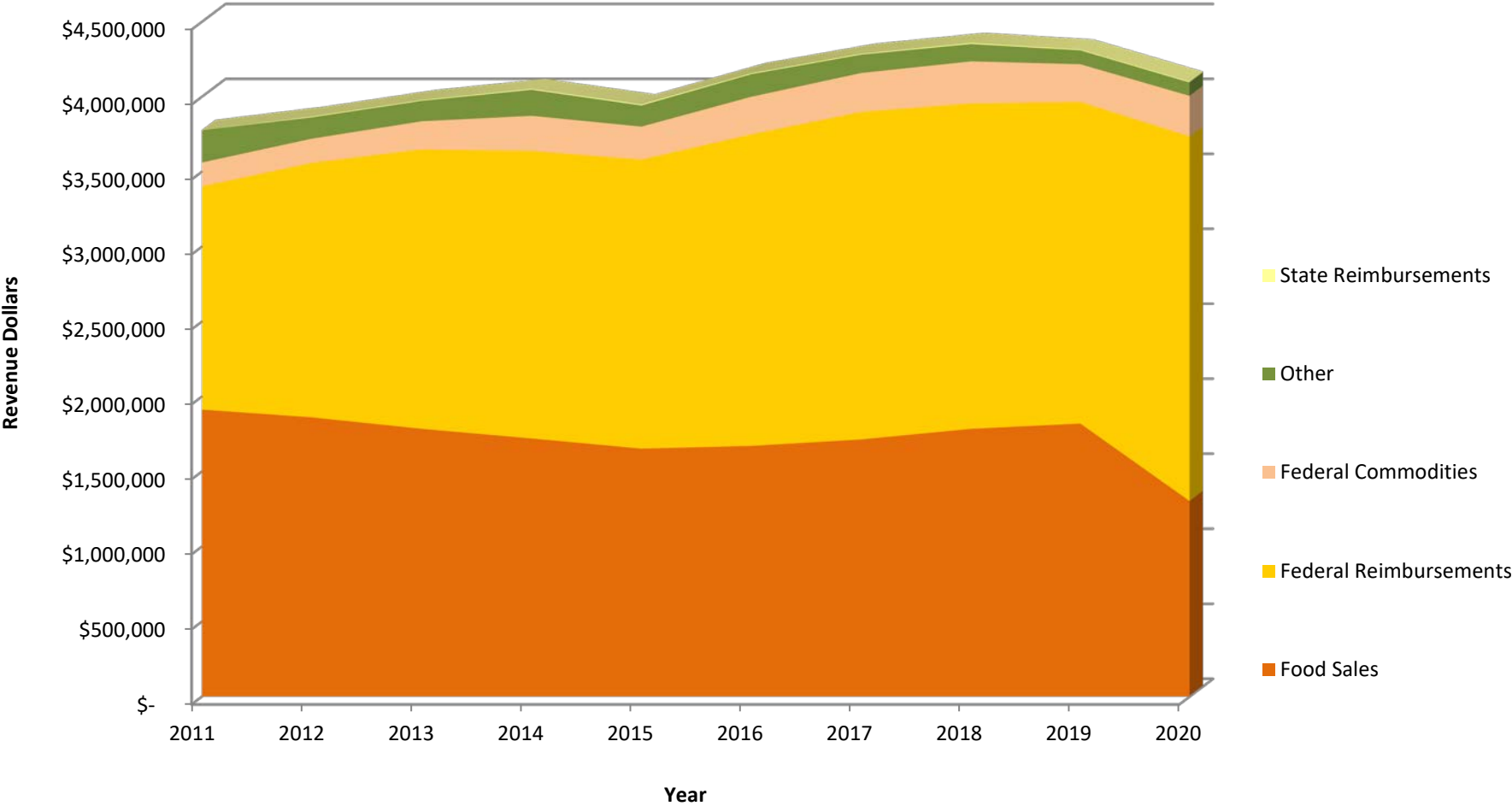
| Expressed in Constant Dollars | | | | | | | | | | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Year ended June 30 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Food Sales | \$ 847,624 | \$ 811,222 | \$ 764,511 | \$ 721,951 | \$ 692,565 | \$ 693,318 | \$ 699,779 | \$ 708,315 | \$ 710,582 | \$ 505,839 |
| Federal Reimbursements | 659,719 | 739,708 | 798,161 | 804,787 | 807,876 | 862,012 | 891,844 | 861,566 | 837,501 | 943,321 |
| Federal Commodities | 70,512 | 70,434 | 80,421 | 98,402 | 92,442 | 104,337 | 106,209 | 111,376 | 98,466 | 104,983 |
| Other | 95,829 | 62,147 | 58,606 | 73,017 | 59,286 | 62,757 | 50,214 | 46,105 | 36,276 | 34,785 |
| State Reimbursements | - | 1,903 | 1,788 | 2,133 | 2,522 | 2,139 | 1,991 | 2,410 | 1,718 | 1,750 |
| Totals | \$1,673,684 | \$1,685,414 | \$1,703,487 | \$1,700,290 | \$1,654,691 | \$1,724,563 | \$1,750,037 | \$1,729,772 | \$1,684,543 | \$1,590,678 |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

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).

Chapel Hill-Carrboro City Board of Education Proprietary Fund - Food Service Operations - Revenues by Source



CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION

Proprietary Fund - Food Service Operations

Expenses by Category

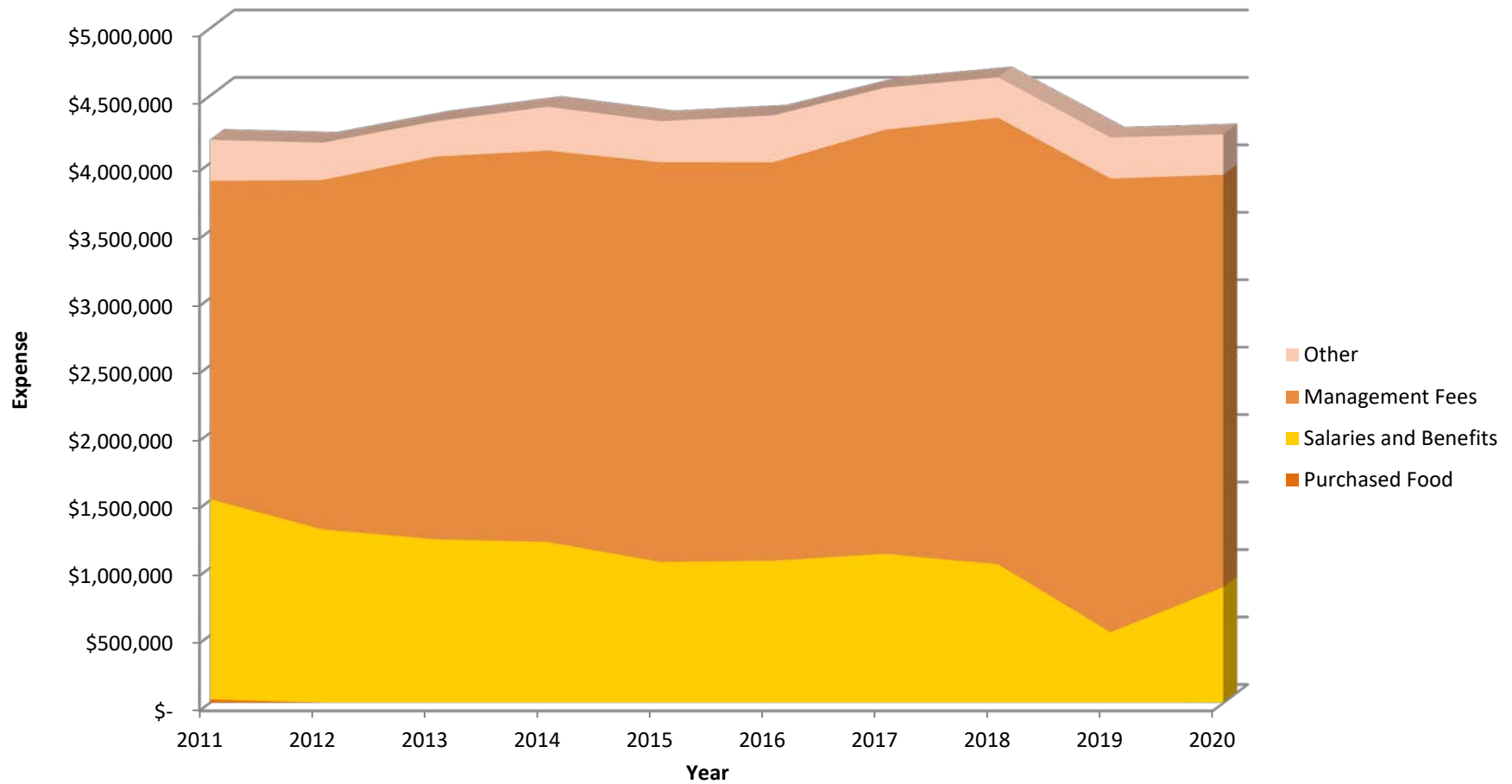
Last Ten Fiscal Years

| Year ended June 30 | Expressed in Nominal Dollars | | | | | | | | | |
|-----------------------|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Purchased Food | \$ 26,124 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 525 |
| Salaries and Benefits | 1,482,891 | 1,284,983 | 1,211,722 | 1,191,652 | 1,043,464 | 1,052,796 | 1,104,337 | 1,026,005 | 523,115 | 856,907 |
| Management Fees | 2,360,167 | 2,590,338 | 2,837,669 | 2,902,209 | 2,964,019 | 2,954,241 | 3,145,099 | 3,311,733 | 3,363,535 | 3,057,486 |
| Other | 305,002 | 277,205 | 261,502 | 325,476 | 304,674 | 347,936 | 312,084 | 300,134 | 304,110 | 210,634 |
| Totals | \$ 4,174,184 | \$ 4,152,526 | \$ 4,310,893 | \$ 4,419,337 | \$ 4,312,157 | \$ 4,354,973 | \$ 4,561,520 | \$ 4,637,872 | \$ 4,190,760 | \$ 4,125,552 |

| Year ended June 30 | Expressed in Constant Dollars | | | | | | | | | |
|-----------------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Purchased Food | \$ 11,574 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 204 |
| Salaries and Benefits | 656,955 | 559,959 | 518,930 | 499,974 | 437,258 | 436,776 | 450,833 | 407,163 | 204,228 | 332,396 |
| Management Fees | 1,045,608 | 1,128,796 | 1,215,255 | 1,217,661 | 1,242,057 | 1,225,633 | 1,283,950 | 1,314,237 | 1,313,147 | 1,186,005 |
| Other | 135,123 | 120,798 | 111,990 | 136,558 | 127,672 | 144,349 | 127,405 | 119,106 | 118,727 | 81,705 |
| Totals | \$ 1,849,260 | \$ 1,809,553 | \$ 1,846,175 | \$ 1,854,193 | \$ 1,806,987 | \$ 1,806,758 | \$ 1,862,188 | \$ 1,840,506 | \$ 1,636,102 | \$ 1,600,310 |

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).

Chapel Hill-Carrboro City Board of Education Proprietary Fund-Food Service Operations Expenses By Category



**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
GOVERNMENTAL ACTIVITIES - DEBT OBLIGATIONS
FOR THE LAST TEN YEARS**

| Year Ended June 30 | Installment Purchases | Total Debt Obligations | Per Capita |
|-----------------------|-----------------------|------------------------|------------|
| 2020 | \$ 194,468 | \$ 194,468 | N/A |
| 2019 | 344,995 | 344,995 | \$ 2.32 |
| 2018 | 362,825 | 362,825 | 2.48 |
| 2017 | 167,778 | 167,778 | 1.16 |
| 2016 | 597,416 | 597,416 | 4.21 |
| 2015 | 601,602 | 601,602 | 4.26 |
| 2014 | 890,391 | 890,391 | 6.34 |
| 2013 | 1,212,475 | 1,212,475 | 8.64 |
| 2012 | 39,468 | 39,468 | 0.29 |
| 2011 | 137,760 | 137,760 | 1.03 |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2020 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2021, if applicable.

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

| Fiscal Year | Governmental Activities | | | Business -Type Activities | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|-------------------------|-------------------|--------------------------|---------------------------|-------------------|----------------|--------------------------|-------------------------------|------------|
| | Capitalized Leases | Installment Loans | General Obligation Bonds | Capitalized Leases | Installment Loans | | | | |
| 2020 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2019 | \$ - | \$ 112,389,455 | \$ 125,740,000 | \$ - | \$ 11,501,093 | \$ 249,630,548 | N/A | \$ 1,681 | |
| 2018 | - | 111,568,633 | 71,185,000 | - | 11,164,960 | 193,918,593 | 1.97% | 1,328 | |
| 2017 | - | 117,955,775 | 50,430,000 | - | 12,185,551 | 180,571,326 | 2.00% | 1,246 | |
| 2016 | - | 118,995,610 | 59,280,000 | - | 9,799,916 | 188,075,526 | 2.27% | 1,326 | |
| 2015 | - | 122,631,057 | 68,355,000 | - | 9,980,805 | 200,966,862 | 2.57% | 1,422 | |
| 2014 | - | 120,189,844 | 77,150,000 | - | 8,724,908 | 206,064,752 | 2.77% | 1,467 | |
| 2013 | 1,746,223 | 107,796,269 | 86,205,000 | 325,128 | 9,429,225 | 205,501,845 | 2.80% | 1,464 | |
| 2012 | 2,486,176 | 114,393,535 | 95,520,000 | 606,855 | 10,175,318 | 223,181,884 | 3.13% | 1,613 | |
| 2011 | 3,200,000 | 109,732,854 | 103,490,000 | 1,024,821 | 7,661,455 | 225,109,130 | 3.59% | 1,682 | |

N/A = Not Available

Source: Orange County, North Carolina, Comprehensive Annual Financial Report (years 2011-2020)

Note: This table is a ten year schedule. However, the annual financials report for the year ended June 30, 2020 could not be obtained from Orange County nor their auditors prior to this report being issued. Therefore, there are only nine years of comparative data noted above.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2020 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2021, if applicable.

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.

Orange County, North Carolina
Principal Property Taxpayers
For the Years Ended June 30, 2020 and 2011

| Taxpayer | Type of Business | 2020 | | | 2011 | | |
|---|--------------------|--------------------------|------|--|--------------------------|------|--|
| | | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Duke Energy | Public Utility | \$ 145,235,672 | 1 | 0.77% | \$ 90,860,125 | 1 | 0.58% |
| Chapel Hill Foundation Real Estate Inc. | Apartments/Retail | 103,704,168 | 2 | 0.55% | 45,447,501 | 4 | 0.29% |
| BIR Chapel Hill LLC | Apartments/Retail | 68,603,700 | 3 | 0.36% | - | - | - |
| Piedmont Electric Membership | Public Utility | 64,957,329 | 4 | 0.34% | 47,131,666 | 3 | 0.30% |
| Northwestern Mutual Life Insurance Co. | Apartment rental | 57,473,228 | 5 | 0.30% | - | - | - |
| Public Service Co. of NC Inc. | Public Utility | 55,128,293 | 6 | 0.29% | - | - | - |
| State Employees' Credit Union | Bank | 50,884,688 | 7 | 0.27% | - | - | - |
| East 54 Office Retail LLC | Apartments/Retail | 40,135,700 | 8 | 0.21% | 37,873,736 | 5 | 0.24% |
| Health System Properties LLC | Medical | 37,646,298 | 9 | 0.20% | - | - | - |
| Chapel Hill at the Pointe Villager LLC | Apartment rental | 36,842,700 | 10 | 0.19% | - | - | - |
| VAC Limited Partnership | Apartment Rental | - | - | - | 60,038,017 | 2 | 0.38% |
| Blue Cross Blue Shield of N.C. | Health Insurance | - | - | - | 37,283,898 | 6 | 0.24% |
| Corium LLC | Insurance Provider | - | - | - | 35,399,117 | 7 | 0.23% |
| Madison University Mall Properties | Retail | - | - | - | 34,182,311 | 8 | 0.22% |
| Bell South Telephone and Telegraph Co. | Public Utility | - | - | - | 28,811,844 | 9 | 0.18% |
| Europa Center LLC | Hotel | - | - | - | 27,814,759 | 10 | 0.18% |
| Total | | \$ 660,611,776 | | 3.48% | \$ 444,842,974 | | 2.84% |
| Total Assessed Valuation | | \$ 18,956,491,582 | | | \$ 15,659,990,180 | | |

Source: Orange County, North Carolina, Comprehensive Annual Financial Report (2020)

Orange County, North Carolina
Property Tax Levies and Current Collections
Last Ten Fiscal Years

| EXPRESSED IN NOMINAL DOLLARS | | | | | | |
|------------------------------|---------------------------------|----------------------|---------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
| TAX YEAR | FISCAL YEAR ENDED June 30 | TOTAL TAX LEVY | CURRENT YEAR'S LEVY COLLECTIONS | PERCENT OF LEVY COLLECTED | PRIOR YEARS' LEVY COLLECTIONS | TOTAL COLLECTIONS DURING YEAR |
| 2019 | 2020 | \$ 164,884,700 | \$ 163,403,993 | 99.10 | \$ 1,188,587 | \$ 164,592,580 |
| 2018 | 2019 | 159,101,577 | 157,743,510 | 99.15 | 1,332,779 | 159,076,289 |
| 2017 | 2018 | 153,783,722 | 152,424,863 | 99.12 | 1,179,696 | 153,604,559 |
| 2016 | 2017 | 149,566,210 | 148,358,015 | 99.19 | 1,155,219 | 149,513,234 |
| 2015 | 2016 | 146,967,477 | 145,747,667 | 99.17 | 1,309,964 | 147,057,631 |
| 2014 | 2015 | 145,238,432 | 143,903,487 | 99.08 | 1,504,945 | 145,408,432 |
| 2013 | 2014 | 142,778,607 | 141,033,067 | 98.78 | 2,026,279 | 143,059,346 |
| 2012 | 2013 | 137,962,627 | 135,750,916 | 98.40 | 1,636,473 | 137,235,475 |
| 2011 | 2012 | 136,779,611 | 134,715,752 | 98.49 | 1,157,337 | 135,873,089 |
| 2010 | 2011 | 135,126,347 | 133,163,625 | 98.55 | 1,606,528 | 134,770,153 |

| EXPRESSED IN CONSTANT DOLLARS | | | | | | |
|-------------------------------|---------------------------------|----------------------|---------------------------------------|-------------------------------------|-------------------------------------|--|
| TAX YEAR | FISCAL YEAR ENDED June 30 | TOTAL TAX LEVY | CURRENT YEARS' LEVY COLLECTIONS | PRIOR YEARS' LEVY COLLECTIONS | TOTAL COLLECTIONS DURING YEAR | |
| 2019 | 2020 | \$ 63,959,123 | \$ 63,384,754 | \$ 461,055 | \$ 63,845,809 | |
| 2018 | 2019 | 62,114,357 | 61,584,158 | 520,326 | 62,104,484 | |
| 2017 | 2018 | 61,027,950 | 60,488,697 | 468,154 | 60,956,851 | |
| 2016 | 2017 | 61,058,648 | 60,565,416 | 471,605 | 61,037,021 | |
| 2015 | 2016 | 60,972,742 | 60,466,676 | 543,468 | 61,010,144 | |
| 2014 | 2015 | 60,861,402 | 60,302,000 | 630,639 | 60,932,639 | |
| 2013 | 2014 | 59,904,678 | 59,172,313 | 850,153 | 60,022,466 | |
| 2012 | 2013 | 59,083,625 | 58,136,441 | 700,833 | 58,837,274 | |
| 2011 | 2012 | 59,604,673 | 58,705,302 | 504,335 | 59,209,637 | |
| 2010 | 2011 | 59,864,057 | 58,994,526 | 711,729 | 59,706,255 | |

Source: Orange County, North Carolina, Comprehensive Annual Financial Report (years 2011-2020)

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).

**ORANGE COUNTY, NORTH CAROLINA
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS**

| Fiscal Year | Real Property | Personal Property | Public-Service Companies | Less Tax Exempt Property | Total Assessed Value | Total Direct Tax Rate | Estimated Actual Market Value | Assessed Value as a Percent of Actual Value |
|--------------------|----------------------|--------------------------|---------------------------------|---------------------------------|-----------------------------|------------------------------|--------------------------------------|--|
| 2020 | \$ 16,974,899,491 | \$ 1,726,673,593 | \$ 337,564,917 | \$ 82,646,419 | \$ 18,956,491,582 | 0.868 | \$ 21,116,733,410 | 89.77% |
| 2019 | 16,603,198,106 | 1,821,061,820 | 337,735,426 | 80,381,765 | 18,681,613,587 | 0.850 | 20,299,482,328 | 92.03% |
| 2018 | 16,385,248,774 | 1,711,150,366 | 315,583,138 | 81,081,408 | 18,330,900,870 | 0.838 | 19,247,060,972 | 95.24% |
| 2017 | 15,168,750,327 | 1,620,578,558 | 306,434,830 | 71,244,631 | 17,024,519,084 | 0.878 | 19,932,700,016 | 85.41% |
| 2016 | 15,020,157,254 | 1,442,897,338 | 382,744,805 | 67,617,005 | 16,778,182,392 | 0.878 | 19,676,536,170 | 85.27% |
| 2015 | 14,863,350,430 | 1,461,891,252 | 244,191,811 | 67,500,359 | 16,501,933,134 | 0.878 | 19,323,118,424 | 85.40% |
| 2014 | 14,734,501,833 | 1,724,462,428 | 239,923,242 | 66,527,135 | 16,632,360,368 | 0.858 | 19,398,362,762 | 85.74% |
| 2013 | 14,630,730,056 | 1,274,117,983 | 235,565,073 | 64,439,641 | 16,075,973,471 | 0.858 | 18,896,681,052 | 85.07% |
| 2012 | 14,509,087,828 | 1,217,661,746 | 234,219,001 | 61,832,450 | 15,899,136,125 | 0.858 | 18,726,408,865 | 84.90% |
| 2011 | 14,349,991,992 | 1,173,260,442 | 228,934,751 | 92,197,005 | 15,659,990,180 | 0.858 | 18,269,667,186 | 85.72% |

Source: Orange County, North Carolina, Comprehensive Annual Financial Report (years 2011-2020)

Orange County, North Carolina
Demographic Statistics
Last Ten Fiscal Years

| Year Ended June 30 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Population Estimate (1) | 133,801 | 138,330 | 140,352 | 140,420 | 141,354 |
| Personal Income (2) | \$6,268,886 | \$7,131,776 | \$7,345,876 | \$7,440,708 | \$7,822,299 |
| Per Capita Income (2) | \$46,852 | \$51,556 | \$52,339 | \$52,989 | \$55,338 |
| Median Age (3) | 33.1 | 33.0 | 33.5 | 32.5 | 32.7 |
| School Enrollment (4) | 19,026 | 19,462 | 19,445 | 19,682 | 19,530 |
| Unemployment Rate (5) | 6.5% | 7.1% | 6.4% | 4.8% | 5.0% |
| Year Ended June 30 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Population Estimate (1) | 141,796 | 144,946 | 146,027 | 148,476 | N/A |
| Personal Income (2) | \$8,286,315 | \$9,015,914 | \$9,840,004 | N/A | N/A |
| Per Capita Income (2) | \$58,438 | \$62,202 | \$67,384 | N/A | N/A |
| Median Age (3) | 34.8 | 35.3 | 35.8 | 36.0 | 36.3 |
| School Enrollment (4) | 19,466 | 19,526 | 19,554 | 19,572 | 19,628 |
| Unemployment Rate (5) | 4.6% | 3.7% | 3.7% | 4.0% | 6.0% |

N/A = Not Available

Sources:

- (1) Office of State Budget and Management
- (2) Bureau of Economic Analysis (Personal Income is shown in thousands of dollars)
- (3) Office of State Budget and Management
- (4) North Carolina Department of Public Instruction (excludes charter schools)
- (5) North Carolina Department of Commerce

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2020 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2021, if applicable.

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.

Orange County, North Carolina
Principal Employers
For the Years Ended June 30, 2020 and 2011

| Employer | 2020 | | | 2011 | | |
|-----------------------------------|---------------|------|---------------------------------------|---------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| UNC Health Care System | 13,029 | 1 | 16.44% | 11,912 | 1 | 18.61% |
| UNC Chapel Hill | 12,078 | 2 | 15.24% | 7,695 | 2 | 12.02% |
| Chapel Hill-Carrboro City Schools | 2,000 | 3 | 2.52% | 1,772 | 3 | 2.77% |
| Orange County | 1,272 | 4 | 1.61% | 817 | 6 | 1.28% |
| Orange County Schools | 1,167 | 5 | 1.47% | 1,224 | 4 | 1.91% |
| Town of Chapel Hill Inc | 680 | 6 | 0.86% | 944 | 5 | 1.48% |
| General Electric Company | 412 | 7 | 0.52% | - | - | - |
| AKG of America | 379 | 8 | 0.48% | 403 | 10 | 0.63% |
| The Chapel Hill Residential | 355 | 9 | 0.45% | - | - | - |
| PHE Inc | 314 | 10 | 0.40% | - | - | - |
| Blue Cross Blue Shield | - | - | - | 788 | 7 | 1.23% |
| Sports Endeavors Inc. | - | - | - | 723 | 8 | 1.13% |
| Harris Teeter | - | - | - | 472 | 9 | 0.74% |
| | <u>31,686</u> | | <u>39.99%</u> | <u>26,750</u> | | <u>41.80%</u> |
| Total County employment | <u>79,235</u> | | | <u>63,995</u> | | |

Source: Orange County, North Carolina, Comprehensive Annual Financial Report (2020)



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CHAPEL HILL-CARRBORO CITY 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 |
| Average Daily Membership | 11,629 | 11,905 | 12,094 | 12,138 | 12,076 |
| Instructional | \$ 8,924 | \$ 8,862 | \$ 8,973 | \$ 8,978 | \$ 9,392 |
| Support | 1,727 | 1,707 | 1,841 | 1,894 | 1,954 |
| Ancillary | 20 | 11 | 9 | 7 | 5 |
| Total Expenditures | \$ 10,671 | \$ 10,580 | \$ 10,823 | \$ 10,879 | \$ 11,351 |

| EXPRESSED IN NOMINAL DOLLARS | | | | | |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Year Ended June 30 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Average Daily Membership | 11,965 | 12,113 | 12,239 | 12,296 | 12,270 |
| Instructional | \$ 9,657 | \$ 10,021 | \$ 10,139 | \$ 10,945 | \$ 11,023 |
| Support | 2,035 | 1,997 | 2,128 | 2,172 | 2,190 |
| Ancillary | 5 | 5 | 6 | 7 | 12 |
| Total Expenditures | \$ 11,697 | \$ 12,023 | \$ 12,273 | \$ 13,124 | \$ 13,225 |

| EXPRESSED IN CONSTANT DOLLARS | | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Year Ended June 30 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Instructional | \$ 3,954 | \$ 3,862 | \$ 3,843 | \$ 3,767 | \$ 3,936 |
| Support | 765 | 744 | 788 | 795 | 819 |
| Ancillary | 9 | 5 | 4 | 3 | 2 |
| Total Expenditures | \$ 4,728 | \$ 4,611 | \$ 4,635 | \$ 4,565 | \$ 4,757 |

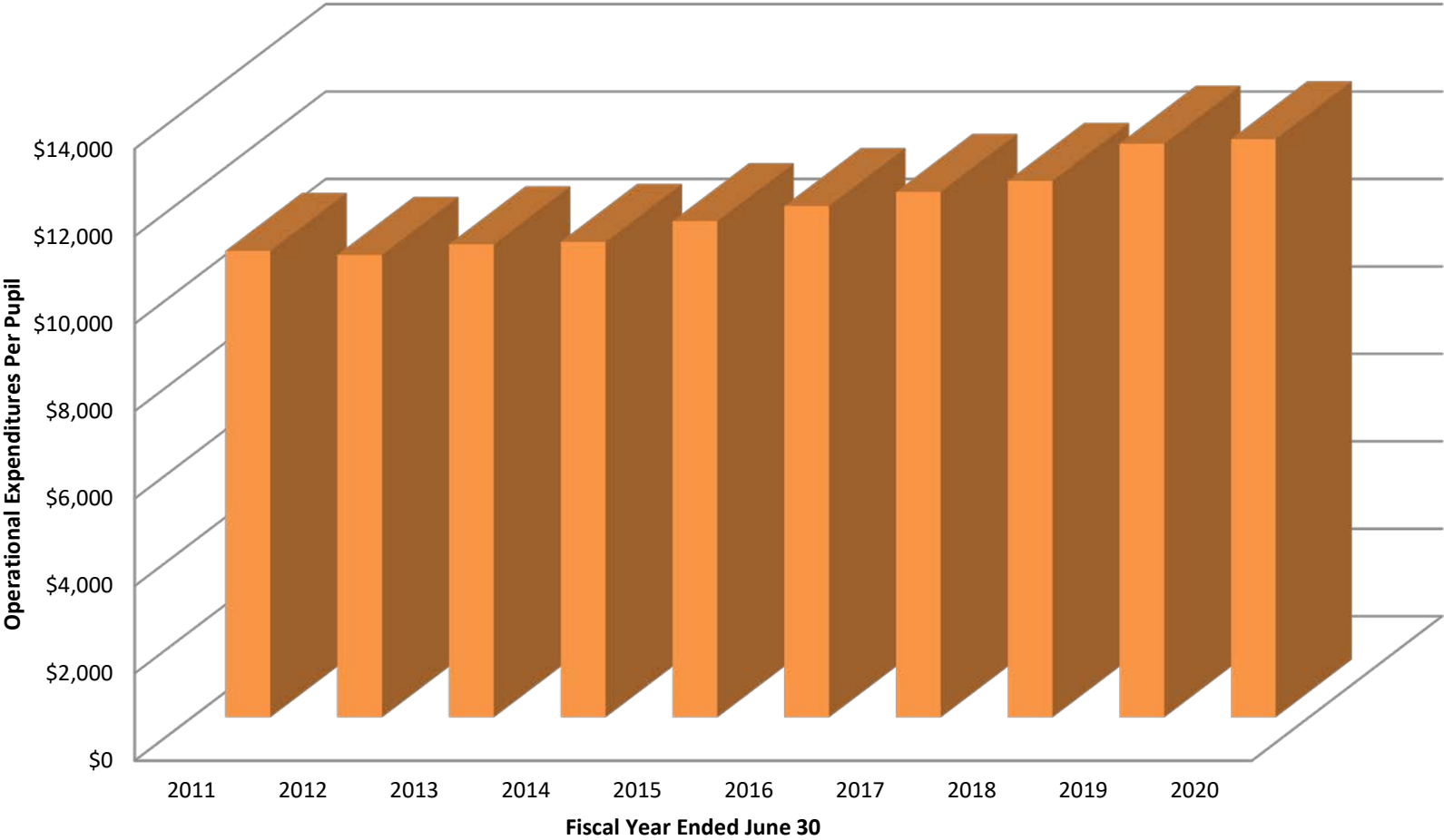
| EXPRESSED IN CONSTANT DOLLARS | | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Year Ended June 30 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Instructional | \$ 4,006 | \$ 4,091 | \$ 4,024 | \$ 4,273 | \$ 4,276 |
| Support | 844 | 815 | 844 | 848 | 850 |
| Ancillary | 2 | 2 | 2 | 3 | 5 |
| Total Expenditures | \$ 4,852 | \$ 4,908 | \$ 4,870 | \$ 5,124 | \$ 5,131 |

Source: Chapel Hill-Carrboro City Board of Education, North Carolina, Annual Financial Reports.

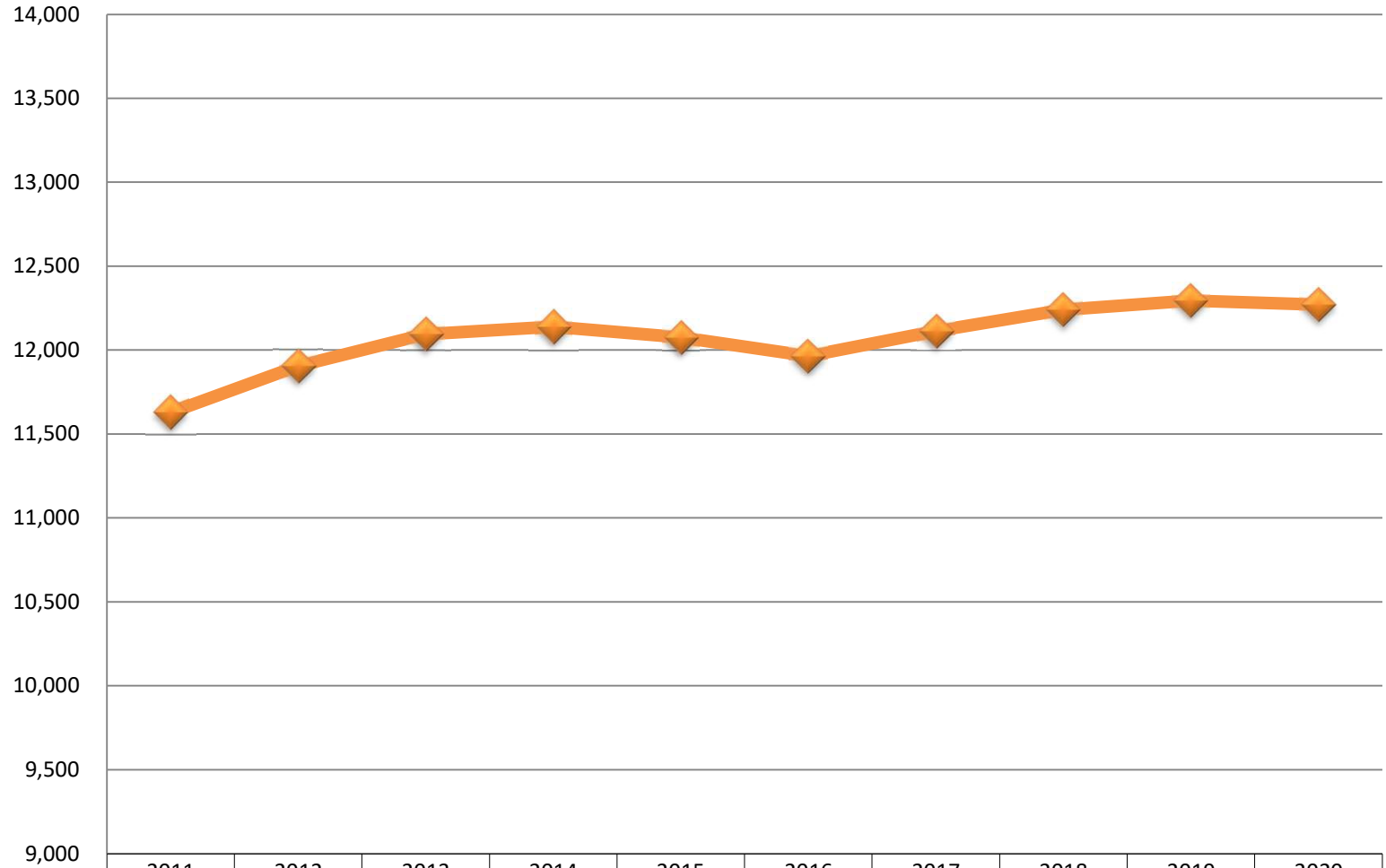
The above operational expenditures per pupil include all governmental funds.

Note: 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).

**Chapel Hill-Carrboro City Board of Education
Operational Expenditures Per Pupil
Total Expenditures**



CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION Average Daily Membership Last Ten Fiscal Years



◆ Avg Daily Membership

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Avg Daily Membership | 11,629 | 11,905 | 12,094 | 12,138 | 12,076 | 11,965 | 12,113 | 12,239 | 12,296 | 12,270 |

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION

Full-Time Equivalent Governmental Employees by Function/Program Last Ten Fiscal Years

| Year ended June 30 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Officials, Admins, Mgrs | 21 | 38 | 24 | 28 | 27 | 30 | 28 | 31 | 33 | 32 |
| Principals | 19 | 19 | 22 | 22 | 20 | 20 | 20 | 20 | 20 | 21 |
| Asst. Principals, Non-Teaching | 23 | 23 | 22 | 18 | 22 | 23 | 22 | 24 | 25 | 24 |
| Total Administrators | 63 | 80 | 68 | 68 | 69 | 73 | 70 | 75 | 78 | 77 |
| Elementary Teachers | 431 | 459 | 415 | 408 | 388 | 387 | 377 | 385 | 384 | 379 |
| Secondary Teachers | 206 | 261 | 144 | 142 | 153 | 154 | 151 | 159 | 165 | 170 |
| Other Teachers | 266 | 273 | 376 | 344 | 376 | 376 | 372 | 367 | 376 | 378 |
| Total Teachers | 903 | 993 | 935 | 894 | 917 | 917 | 900 | 911 | 925 | 927 |
| Guidance | 39 | 39 | 44 | 39 | 42 | 43 | 39 | 43 | 43 | 41 |
| Psychological | 9 | 9 | 8 | 7 | 8 | 9 | 8 | 10 | 10 | 7 |
| Librarian, Audiovisual | 32 | 32 | 33 | 32 | 35 | 34 | 35 | 36 | 36 | 36 |
| Consultant, Supervisor | 15 | 15 | 17 | 15 | 14 | 15 | 13 | 14 | 13 | 13 |
| Other Professionals | 126 | 127 | 149 | 157 | 157 | 161 | 169 | 172 | 166 | 171 |
| Total Professionals | 1,187 | 1,295 | 1,254 | 1,212 | 1,242 | 1,252 | 1,234 | 1,261 | 1,271 | 1,272 |
| Teacher Assistants | 356 | 359 | 359 | 397 | 375 | 358 | 343 | 336 | 334 | 319 |
| Technicians | 28 | 26 | 13 | 14 | 14 | 14 | 12 | 12 | 16 | 17 |
| Clerical, Secretarial | 114 | 155 | 104 | 109 | 111 | 114 | 108 | 112 | 110 | 109 |
| Service Workers | 115 | 119 | 104 | 117 | 114 | 112 | 83 | 91 | 83 | 87 |
| Skilled Crafts | 26 | 26 | 27 | 31 | 30 | 30 | 27 | 24 | 29 | 30 |
| Totals | 1,826 | 1,980 | 1,861 | 1,880 | 1,886 | 1,880 | 1,807 | 1,836 | 1,843 | 1,834 |

Source: North Carolina Public Schools Statistical Profile (2011-2020 Editions)

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
Student Statistics
Last Ten Fiscal Years

| Year Ended June 30 | Teaching Staff ⁽³⁾ | Average Daily Membership | Pupil/ Teacher Ratio | Student Attendance Percentage ⁽¹⁾ | Students Receiving Free/ Reduced Lunch Percentage ⁽²⁾ |
|-----------------------|----------------------------------|-----------------------------|-------------------------|---|---|
| 2020 | 927 | 12,270 | 1/13 | 96.75% | 23.83% |
| 2019 | 925 | 12,296 | 1/13 | 95.40% | 25.60% |
| 2018 | 911 | 12,239 | 1/13 | 95.69% | 27.45% |
| 2017 | 900 | 12,113 | 1/13 | 95.62% | 23.98% |
| 2016 | 917 | 11,965 | 1/13 | 95.98% | 25.00% |
| 2015 | 917 | 12,076 | 1/13 | 95.68% | 27.89% |
| 2014 | 894 | 12,138 | 1/14 | 96.46% | 23.95% |
| 2013 | 935 | 12,094 | 1/13 | 95.80% | 27.09% |
| 2012 | 993 | 11,905 | 1/12 | 96.00% | 23.40% |
| 2011 | 903 | 11,629 | 1/13 | 96.03% | 22.15% |

Sources:

- (1) NC Department of Public Instruction Average Daily Attendance(ADA):Average Daily Membership(ADM) Ratio Reports (2011-2020)
- (2) NC Department of Public Instruction Free & Reduced Meals Application Data Reports. Information for 2020 obtained from Chapel Hill-Carrboro City Board of Education Student Data.
- (3) North Carolina Public Schools Statistical Profile (2011-2020 Editions).

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
Student Statistics
Last Ten Fiscal Years

| Year Ended June 30 | Ethnic Distribution Percentage | | | | | | Graduates | Graduates Continuing Education Percentage |
|-----------------------|------------------------------------|--------|--------|--------|----------|--------|-----------|--|
| | American Indian/ Alaskan Indian | White | Black | Asian | Hispanic | Other | | |
| 2020 | 0.19% | 50.39% | 10.94% | 13.91% | 17.27% | 7.30% | N/A | N/A |
| 2019 | 0.20% | 50.89% | 11.10% | 14.21% | 16.78% | 6.82% | 922 | 90.3% |
| 2018 | 0.23% | 51.25% | 11.18% | 14.39% | 16.40% | 6.55% | 848 | 88.7% |
| 2017 | 0.26% | 51.52% | 11.21% | 15.01% | 15.74% | 6.26% | 821 | 90.4% |
| 2016 | 0.34% | 51.73% | 11.04% | 14.94% | 15.66% | 6.29% | 865 | 92.4% |
| 2015 | 0.37% | 52.32% | 10.97% | 15.15% | 15.03% | 6.16% | 916 | 90.3% |
| 2014 | 0.47% | 52.51% | 11.28% | 15.01% | 14.40% | 6.33% | 860 | 92.1% |
| 2013 | 0.50% | 52.30% | 11.40% | 15.00% | 14.30% | 6.50% | 863 | 92.2% |
| 2012 | 0.60% | 49.50% | 10.80% | 13.10% | 14.10% | 11.90% | 814 | 93.9% |
| 2011 | 0.15% | 55.00% | 12.76% | 14.86% | 10.96% | 6.27% | 738 | 88.3% |

N/A = Not Available

Source: North Carolina Public Schools Statistical Profile (2011-2020 Editions).

Note: This table is a ten year schedule. However, the graduate data for the year ended June 30, 2020 could not be obtained from the North Carolina Department of Public Instruction prior to this report being issued. Therefore, there are only nine years of comparative data noted above.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
Instructional Personnel
Last Ten Fiscal Years

| Year Ended June 30 | Teacher Salaries | | | Bachelors Degree | Masters Degree | Sixth Year Degree | Doctorate Degree |
|-----------------------|------------------|-----------|-----------|---------------------|-------------------|----------------------|---------------------|
| | Minimum | Maximum | Average | | | | |
| 2020 | \$ 40,600 | \$ 82,480 | \$ 56,620 | 585 | 573 | 41 | 13 |
| 2019 | 40,600 | 82,460 | 57,340 | 538 | 551 | 43 | 21 |
| 2018 | 40,600 | 82,463 | 62,000 | 503 | 611 | 35 | 23 |
| 2017 | 40,600 | 81,400 | 69,720 | 505 | 616 | 40 | 27 |
| 2016 | 40,600 | 88,890 | 69,556 | 555 | 552 | 54 | 18 |
| 2015 | 36,960 | 87,615 | 70,615 | 562 | 570 | 59 | 18 |
| 2014 | 34,496 | 85,063 | 68,511 | 585 | 542 | 55 | 18 |
| 2013 | 34,496 | 82,365 | 64,937 | 512 | 535 | 56 | 11 |
| 2012 | 34,082 | 81,388 | 64,167 | 524 | 396 | 4 | 9 |
| 2011 | 34,082 | 81,388 | 64,167 | 526 | 384 | 5 | 7 |

The above tabulation represents total salaries including both State base and the system-wide local supplement, but does not include the following:

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

Source: Chapel Hill-Carrboro City Schools' Human Resources Department.

CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION

School Building Data

June 30, 2020

| <u>Site</u> | <u>Year Built</u> | <u>Square Footage</u> | <u>Capacity</u> | <u>Current Membership</u> | <u>Over/(Under) Capacity</u> | <u>Condition</u> |
|--|-------------------|-----------------------|-----------------|---------------------------|------------------------------|------------------|
| <u>ELEMENTARY SCHOOLS</u> | | | | | | |
| Carrboro Elementary | 1957 | 61,562 | 533 | 513 | (20) | Poor |
| Ephesus Elementary | 1972 | 73,096 | 448 | 393 | (55) | Poor |
| Estes Hills Elementary | 1958 | 57,989 | 527 | 436 | (91) | Poor |
| FP Graham Elementary | 1960 | 68,513 | 538 | 583 | 45 | Poor |
| Glenwood Elementary | 1952 | 55,372 | 423 | 453 | 30 | Poor |
| McDougle Elementary | 1996 | 99,920 | 564 | 549 | (15) | Good |
| Morris Grove Elementary | 2008 | 90,221 | 585 | 548 | (37) | Excellent |
| Northside Elementary | 2013 | 97,423 | 585 | 458 | (127) | Excellent |
| Rashkis Elementary | 2003 | 95,729 | 585 | 487 | (98) | Excellent |
| Mary Scroggs Elementary | 1999 | 92,900 | 575 | 422 | (153) | Good |
| Seawell Elementary | 1969 | 67,715 | 466 | 514 | 48 | Poor |
| <u>MIDDLE SCHOOLS</u> | | | | | | |
| Culbreth Middle | 1969 | 122,467 | 774 | 795 | 21 | Good |
| McDougle Middle | 1994 | 138,141 | 732 | 684 | (48) | Good |
| Phillips Middle | 1962 | 109,498 | 706 | 747 | 41 | Poor |
| Smith Middle | 2001 | 136,054 | 732 | 795 | 63 | Good |
| <u>HIGH SCHOOLS</u> | | | | | | |
| Carrboro High School | 2007 | 165,976 | 860 | 857 | (3) | Excellent |
| Chapel Hill High | 1966 | 254,551 | 1,520 | 1,501 | (19) | Poor |
| East Chapel Hill High | 1996 | 267,549 | 1,515 | 1,508 | (7) | Good |
| UNC Hospital School (School is a part of the UNC Hospitals Facilities) | | | | 1 | | |
| Phoenix Academy (Alternative School is a part of Lincoln) | | | | 26 | | |
| <u>ADMINISTRATIVE OFFICES</u> | | | | | | |
| Transportation Center | | 5,089 | | | | |
| Lincoln Center | | 72,932 | | | | |



**CHAPEL HILL-CARRBORO CITY BOARD OF EDUCATION
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CHAPEL HILL, NC 27516
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