

***CURRITUCK COUNTY
BOARD OF EDUCATION
Currituck, North Carolina***

*Financial Statements
For the Fiscal Year Ended
June 30, 2025*

CURRITUCK COUNTY BOARD OF EDUCATION
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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Currituck County Board of Education
Currituck, North Carolina

Report on the Audit of the Financial Statements

Opinions

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 Currituck County Board of Education, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Currituck County Board of Education's basic financial statements as listed in the table of contents.

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 Currituck County Board of Education, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School and 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Currituck County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 5 to the financial statements, the Board adopted the provisions of GASB Statement No. 101, Compensated Absences, as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Currituck County Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Currituck County Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Currituck County Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB liability and the Schedules of Board Contributions on pages 52 through 57, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Currituck County Board of Education's basic financial statements. The accompanying

individual fund budgetary schedules and schedule of expenditures of federal and State awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Currituck County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Currituck County Board of Education's 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 Currituck County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

December 19, 2025
West End, North Carolina
(910) 603-0508

CURRITUCK COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Currituck County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2025. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- As discussed in Note 5 to the financial statements, effective July 1, 2024, the Board implemented accounting and financial reporting requirements of GASB Statement 101, Compensated Absences. The statement required the Board to begin recording liabilities for employee sick leave balances that are more likely than not to be used. As a result of implementation of this statement, the Board's governmental and business-type activities net position, as previously reported at June 30, 2024, was reduced by \$5.5 million and \$113,000, respectively.
- For the fiscal year ended June 30, 2025, the Board's total government-wide net position (not including the decrease in net position due to the GASB 101 restatement) increased by \$27.7 million. Governmental activities net position increased by \$27.9 million, and business-type activities net position decreased by \$137,000.
- For the fiscal year ended June 30, 2025, the Board's governmental fund balance increased \$136,000 to \$3.4 million.
- The Board's average daily membership (ADM) for the fiscal year ended June 30, 2025 was 4,532 students, an increase of 36 students from the 2024 ADM of 4,496.

Overview of the Financial Statements

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

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

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

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

CURRITUCK COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Government-wide Statements

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

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

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

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

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

The government-wide statements are 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.

Currituck County 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

**CURRITUCK COUNTY 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 Currituck County Board of Education has one proprietary fund - an enterprise fund – the School Food Service Fund.

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

Fiduciary funds: The Board is the trustee, or fiduciary, for assets that belong to others, such as the Private Purpose Trust Fund. The Board is responsible for ensuring that the assets reported in this fund are used only for their intended purpose and by those to whom the assets belong. The Board excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The Currituck County Board of Education has one fiduciary fund – the Administrative Fund.

The fiduciary fund statements are shown as Exhibits 10 and 11 of this report.

Financial Analysis of the Board as a Whole

Assets and deferred outflows exceeded liabilities and deferred inflows by \$46.1 million as of June 30, 2025 as compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$24.0 million as of June 30, 2024, an increase of \$22.1 million. The largest component of net position is net investment in capital assets of \$104.4 million. As previously discussed, this includes the implementation of GASB Statement 101 during the year, which had the effect of reducing beginning of year total primary government net position, as previously reported at June 30, 2024, by \$5.6 million.

Following is a summary of the Statement of Net Position at June 30, 2025 and 2024:

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

**Table 1
Condensed Statement of Net Position
As of June 30, 2025 and 2024**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/25	6/30/24	6/30/25	6/30/24	6/30/25	6/30/24
Current and other assets	\$ 4,884,362	\$ 10,002,611	\$ 686,706	\$ 790,616	\$ 5,571,068	\$ 10,793,227
Capital assets	<u>105,007,877</u>	<u>75,587,129</u>	<u>84,008</u>	<u>120,130</u>	<u>105,091,885</u>	<u>75,707,259</u>
Total assets	<u>109,892,239</u>	<u>85,589,740</u>	<u>770,714</u>	<u>910,746</u>	<u>110,662,953</u>	<u>86,500,486</u>
Deferred outflows of resources	<u>27,642,862</u>	<u>26,288,061</u>	<u>473,566</u>	<u>465,457</u>	<u>28,116,428</u>	<u>26,753,518</u>
Current liabilities	4,268,034	8,445,043	79,749	58,124	4,347,783	8,503,167
Long-term liabilities	<u>79,683,099</u>	<u>68,002,415</u>	<u>1,367,642</u>	<u>1,192,065</u>	<u>81,050,741</u>	<u>69,194,480</u>
Total liabilities	<u>83,951,133</u>	<u>76,447,458</u>	<u>1,447,391</u>	<u>1,250,189</u>	<u>85,398,524</u>	<u>77,697,647</u>
Deferred inflows of resources	<u>7,133,174</u>	<u>11,378,080</u>	<u>122,203</u>	<u>201,462</u>	<u>7,255,377</u>	<u>11,579,542</u>
Net investment in capital assets	102,993,562	74,976,715	84,008	120,130	103,077,570	75,096,845
Restricted net position	1,956,934	2,021,910	1,103	-	1,958,037	2,021,910
Unrestricted net position (deficit)	<u>(58,499,702)</u>	<u>(52,946,362)</u>	<u>(410,425)</u>	<u>(195,578)</u>	<u>(58,910,127)</u>	<u>(53,141,940)</u>
Total net position (deficit)	<u>\$ 46,450,794</u>	<u>\$ 24,052,263</u>	<u>\$ (325,314)</u>	<u>\$ (75,448)</u>	<u>\$ 46,125,480</u>	<u>\$ 23,976,815</u>

Net position is an indicator of the fiscal health of the Board. Net of the \$5.5 million reduction in beginning of year net position for implementation of GASB 101, the net position of the Board's governmental activities increased \$27.9 million during the year, from \$24.1 million at June 30, 2024 to \$46.5 million at June 30, 2025, indicating an improvement in the financial condition of the Board. Restricted net position decreased by \$65,000 due to a decrease in instructional services restricted net position. Unrestricted net position decreased \$5.5 million compared to the prior year as a result of GASB 101. Net investment in capital assets increased \$28.0 million due to an excess of capital additions over depreciation expense for the year as the Board is in the middle of construction on the new Moyock Middle School at Tulls Creek. 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 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 of a reduction of \$113,000 to beginning of year net position for implementation of GASB 101, the net position of the Board's business-type activities decreased \$137,000 from \$(75,000) at June 30, 2024 to \$(325,000) at June 30, 2025. The decrease is a result of the net loss generated by our school food service operations during the 2025 fiscal year largely due to insufficient participation to generate enough revenues to cover operating costs without the transfers from governmental funds. The School Food Service fund recognized an increase in transfer from other funds of \$155,000. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

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

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2025 and 2024**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/25	6/30/24	6/30/25	6/30/24	6/30/25	6/30/24
Revenues:						
Program revenues:						
Charges for services	\$ 1,170,638	\$ 1,019,348	\$ 704,735	\$ 601,527	\$ 1,875,373	\$ 1,620,875
Operating grants and contributions	39,971,197	40,518,305	1,075,868	1,136,088	41,047,065	41,654,393
Capital grants and contributions	1,714,988	875,974	-	-	1,714,988	875,974
General revenues:						
County appropriations	48,407,022	29,422,895	-	-	48,407,022	29,422,895
Other revenues	537,971	501,126	11,709	12,850	549,680	513,976
Total revenues	<u>91,801,816</u>	<u>72,337,648</u>	<u>1,792,312</u>	<u>1,750,465</u>	<u>93,594,128</u>	<u>74,088,113</u>
Expenses:						
Governmental activities:						
Instructional services	45,173,755	43,466,117	-	-	45,173,755	43,466,117
System-wide support services	18,140,931	17,355,078	-	-	18,140,931	17,355,078
Ancillary services	33,695	47,682	-	-	33,695	47,682
Non-programmed charges	329,345	226,842	-	-	329,345	226,842
Interest on long-term debt	4,995	7,295	-	-	4,995	7,295
Unallocated depreciation	65,771	92,729	-	-	65,771	92,729
Business-type activities:						
School food service	-	-	2,130,455	2,140,061	2,130,455	2,140,061
Total expenses	<u>63,748,492</u>	<u>61,195,743</u>	<u>2,130,455</u>	<u>2,140,061</u>	<u>65,878,947</u>	<u>63,335,804</u>
Excess (deficiency) before transfers	28,053,324	11,141,905	(338,143)	(389,596)	27,715,181	10,752,309
Transfers in (out)	<u>(201,413)</u>	<u>(46,533)</u>	<u>201,413</u>	<u>46,533</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>27,851,911</u>	<u>11,095,372</u>	<u>(136,730)</u>	<u>(343,063)</u>	<u>27,715,181</u>	<u>10,752,309</u>
Beginning net position (deficit), as previously reported	24,052,263	12,956,891	(75,448)	267,615	23,976,815	13,224,506
Change in accounting principle (Note 5)	<u>(5,453,380)</u>	<u>-</u>	<u>(113,136)</u>	<u>-</u>	<u>(5,566,516)</u>	<u>-</u>
Beginning net position (deficit), restated	<u>18,598,883</u>	<u>12,956,891</u>	<u>(188,584)</u>	<u>267,615</u>	<u>18,410,299</u>	<u>13,224,506</u>
Ending net position (deficit)	<u>\$ 46,450,794</u>	<u>\$ 24,052,263</u>	<u>\$ (325,314)</u>	<u>\$ (75,448)</u>	<u>\$ 46,125,480</u>	<u>\$ 23,976,815</u>

Total governmental activities generated revenues of \$91.8 million while expenses in this category totaled \$63.7 million for the year ended June 30, 2025, resulting in an increase in net position of \$27.9 million (including transfers out to business-type activities of \$201,000). Comparatively, revenues were \$72.3 million, expenses totaled \$61.2 million and transfers out were \$47,000 for the year ended June 30, 2024,

CURRITUCK COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

resulting in an increase in net position of \$11.1 million. In comparing the two years, revenues increased \$19.5 million, or 26.9%, and expenses increased by \$2.6 million, or 4.2%. The overall increase in revenues is largely attributable to the timing of construction and corresponding County revenues for the construction of the new Moyock middle school at Tulls Creek. The Board also recognized a net decrease in operating grants and contributions as allotments from Federal Grants funds decreased due to the expiration of the COVID-19 Education Stabilization Funds. The increase in expenses is largely due to an increase in pension and OPEB expenses of \$1.9 million. See the footnotes for detailed information regarding pension and OPEB related amounts and disclosures.

The Board's primary sources of revenues were funding from the State of North Carolina, Currituck County, and the United States Government, which respectively comprised 42.1%, 52.7% and 2.8% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 70.9% of our total expenses during the most recent fiscal year. Of the remaining 29.1% of our total expenses, 28.5% was attributable to system-wide support services.

Our business-type activities generated revenues of \$1.8 million, while expenses in this category totaled \$2.1 million for the year ended June 30, 2025. For the year, net position decreased by \$137,000 (including transfers in of \$201,000). Comparatively, revenues were \$1.8 million, expenses were \$2.1 million and transfers in were \$47,000 for the year ended June 30, 2024, resulting in a decrease in net position of \$343,000. In comparing the two years, revenues increased \$42,000, while expenses decreased \$10,000. The increase in revenues is the result of increases in food sales. The increase of transfers in was the largest difference in the decline of the current year operating loss as the local fund must supplement the cash flow needs of the School Food Service fund.

Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$3.4 million at June 30, 2025, an increase of \$136,000 from the amount reported at June 30, 2024. The General and Individual Schools funds reported increases in fund balance of \$145,000 and \$19,000, respectively, for the year ended June 30, 2025, while the Other Special Revenue and Capital Outlay funds reported decreases in fund balance of \$15,000 and \$13,000, respectively.

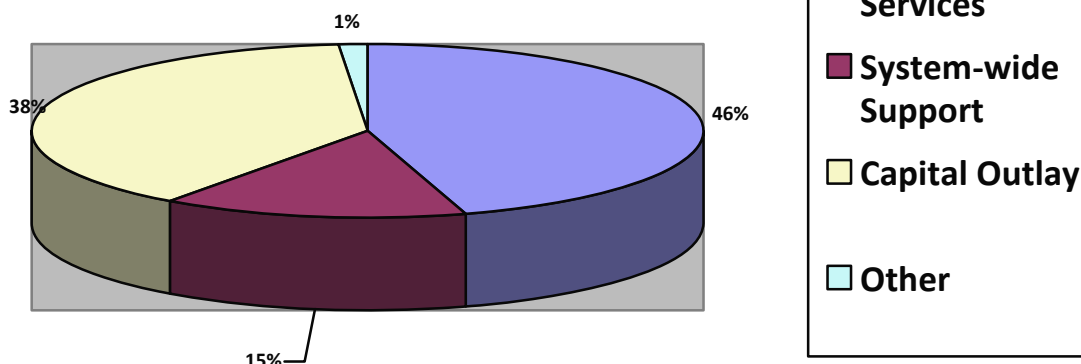
Overall, total governmental fund revenues increased by \$19.2 million and total expenditures increased by \$18.6 million over the prior year. The increase in revenues is attributable to an increase in Capital Outlay funding of \$18.2 million, mostly provided by the County, as construction of the new Moyock Middle at Tulls Creek ramped up.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. In comparing the year ended June 30, 2025 to 2024, the Board recognized an increase in revenues and expenditures of \$834,000 in State Public School fund related to increases in State mandated salary and benefits. The Federal Grants fund reported a decrease in revenues and expenditures of \$1.2 million as the COVID-19 Education Stabilization allotments to help offset the cost of the COVID-19 pandemic were spent down and expired during the current year.

The Capital Outlay Fund reported fund balance of \$374,000 at June 30, 2025, a decrease of \$13,000 from the \$387,000 reported at June 30, 2024. This fund balance reserve is available to fund future capital projects.

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

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Fund: The Board's business-type fund, the School Food Service Fund, reported a decrease in net position of \$137,000 for the fiscal year ended June 30, 2025 compared to a decrease of \$343,000 for the same 2024 period. See the section above titled *Financial Analysis of the Board as a Whole* for a detailed discussion of the significant changes in revenues and expenses.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are often necessary throughout the year to recognize these adjustments.

The Board's General Fund reported an increase in fund balance for the year ended June 30, 2025 of \$145,000, compared to a decrease of \$1.2 million in 2024. Revenues increased by \$1.6 million due to an increase in County appropriations. Expenditures increased by \$176,000 over the prior year, as a result of increases in both instructional and non-programmed charges as a result of state mandated salaries and benefits increases and an increase in payments to Charter Schools. The General fund balance now totals \$824,000, which is still near its 6 year low.

Capital Assets

Total primary government capital assets were \$105.1 million at June 30, 2025 compared to \$75.7 million at June 30, 2024, an increase of 38.8%. The increase is attributable to an excess of capital additions over depreciation expense for the year. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2025 and 2024. More detailed information about the Board's capital assets is contained in note 2 to the basic financial statements.

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

**Table 3
Summary of Capital Assets
As of June 30, 2025 and 2024**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/25</u>	<u>6/30/24</u>
Land	\$ 1,419,859	\$ 1,419,859	\$ -	\$ -	\$ 1,419,859	\$ 1,419,859
Construction in progress	44,140,672	14,420,487	-	-	44,140,672	14,420,487
Buildings and improvements	55,547,109	56,867,631	-	-	55,547,109	56,867,631
Equipment and furniture	592,539	359,428	84,008	120,130	676,547	479,558
Vehicles	3,307,698	2,519,724	-	-	3,307,698	2,519,724
Total	<u>\$ 105,007,877</u>	<u>\$ 75,587,129</u>	<u>\$ 84,008</u>	<u>\$ 120,130</u>	<u>\$ 105,091,885</u>	<u>\$ 75,707,259</u>

Debt Outstanding

During the year, the Board's long-term debt increased from \$610,000 at June 30, 2024 to \$716,000 at June 30, 2025 due to an additional installment purchase obligation entered into for the purchase of DPI yellow school buses. 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 basic financial statements.

Economic Factors

County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the schools. The following factors have affected the economic outlook of Currituck County:

- Currituck County's 2025 population estimation of 32,865 is 16.3% higher than the 2020 census of 28,405.
- The unadjusted unemployment rate in Currituck County at June 30, 2025 was 2.7%, slightly below that of the State at 3.7%.
- Tourism continues to lead a strong economic outlook for costal counties in NC. Currituck County recognizes 60% of its annual taxable sales during the in-season, and 40% of the County's employment is directly related to Tourism.
- Currituck County has experienced strong real estate construction and an increase in housing values of 1.9% over the past year, which has slowed from previous highs due to increased mortgage rates.

Requests for Information

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

Susan Mizelle, Chief Finance Officer
Currituck County Board of Education
2958 Caratoke Highway
Currituck, NC 27929

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2025

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,461,472	\$ 390,967	\$ 3,852,439
Due from other governments	1,370,426	22,259	1,392,685
Net OPEB asset	52,464	899	53,363
Inventories	-	272,581	272,581
Capital assets:			
Land and construction in progress	45,560,531	-	45,560,531
Other capital assets, net of depreciation	59,447,346	84,008	59,531,354
Total capital assets	<u>105,007,877</u>	<u>84,008</u>	<u>105,091,885</u>
Total assets	<u>109,892,239</u>	<u>770,714</u>	<u>110,662,953</u>
Deferred Outflows of Resources	<u>27,642,862</u>	<u>473,566</u>	<u>28,116,428</u>
Liabilities			
Accounts payable and accrued expenses	1,451,356	-	1,451,356
Unearned revenue	-	36,561	36,561
Long-term liabilities:			
Due within one year	2,816,678	43,188	2,859,866
Due in more than one year	5,733,534	100,771	5,834,305
Net pension liability	27,058,426	463,553	27,521,979
Net OPEB liability	<u>46,891,139</u>	<u>803,318</u>	<u>47,694,457</u>
Total liabilities	<u>83,951,133</u>	<u>1,447,391</u>	<u>85,398,524</u>
Deferred inflows of resources	<u>7,133,174</u>	<u>122,203</u>	<u>7,255,377</u>
Net position			
Net investment in capital assets	102,993,562	84,008	103,077,570
Restricted for:			
Stabilization by State statute	71,764	-	71,764
School capital outlay	373,514	-	373,514
Instructional services	639,192	-	639,192
Individual schools activities	808,054	-	808,054
DIPNC OPEB plan	64,410	1,103	65,513
Unrestricted (deficit)	<u>(58,499,702)</u>	<u>(410,425)</u>	<u>(58,910,127)</u>
Total net position (deficit)	<u>\$ 46,450,794</u>	<u>\$ (325,314)</u>	<u>\$ 46,125,480</u>

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

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	\$ 27,311,361	\$ -	\$ 21,420,830	\$ -	\$ (5,890,531)	\$ -	\$ (5,890,531)
Special populations	7,246,506	-	6,239,656	-	(1,006,850)	-	(1,006,850)
Alternative programs	2,109,026	-	1,335,018	-	(774,008)	-	(774,008)
School leadership	3,678,084	-	2,165,099	-	(1,512,985)	-	(1,512,985)
Co-curricular	1,436,023	899,691	-	-	(536,332)	-	(536,332)
School-based support	3,392,755	-	2,099,851	-	(1,292,904)	-	(1,292,904)
System-wide support services:							
Support and development	394,381	-	1,544	-	(392,837)	-	(392,837)
Special population support and development	181,055	-	174,668	-	(6,387)	-	(6,387)
Alternative programs and services							
support and development	20,817	-	20,043	-	(774)	-	(774)
Technology support	1,015,870	-	344,398	-	(671,472)	-	(671,472)
Operational support	14,116,150	-	5,294,969	1,714,988	(7,106,193)	-	(7,106,193)
Financial and human resource services	1,369,735	270,947	237,385	-	(861,403)	-	(861,403)
Accountability	70	-	70	-	-	-	-
System-wide pupil support	113,599	-	-	-	(113,599)	-	(113,599)
Policy, leadership and public relations	929,254	-	516,175	-	(413,079)	-	(413,079)
Ancillary services	33,695	-	2,749	-	(30,946)	-	(30,946)
Non-programmed charges	329,345	-	118,742	-	(210,603)	-	(210,603)
Interest on long-term debt	4,995	-	-	-	(4,995)	-	(4,995)
Unallocated depreciation expense**	65,771	-	-	-	(65,771)	-	(65,771)
Total governmental activities	63,748,492	1,170,638	39,971,197	1,714,988	(20,891,669)	-	(20,891,669)
Business-type activities:							
School food service	2,130,455	704,735	1,075,868	-	-	(349,852)	(349,852)
Total primary government	\$ 65,878,947	\$ 1,875,373	\$ 41,047,065	\$ 1,714,988	(20,891,669)	(349,852)	(21,241,521)
General revenues:							
Unrestricted county and city appropriations - operating					14,691,055	-	14,691,055
Unrestricted county appropriations - capital					33,715,967	-	33,715,967
Investment earnings, unrestricted					77,237	11,709	88,946
Miscellaneous, unrestricted					460,734	-	460,734
Transfers					(201,413)	201,413	-
Total general revenues					48,743,580	213,122	48,956,702
Change in net position					27,851,911	(136,730)	27,715,181
Net position (deficit) - beginning, as previously reported					24,052,263	(75,448)	23,976,815
Change in accounting principle (Note 5)					(5,453,380)	(113,136)	(5,566,516)
Net position (deficit) - beginning, as restated					18,598,883	(188,584)	18,410,299
Net position (deficit) - ending					\$ 46,450,794	\$ (325,314)	\$ 46,125,480

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

FUND FINANCIAL STATEMENTS

CURRITUCK COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 955,394	\$ -	\$ -	\$ 1,324,510	\$ 373,514	\$ 808,054	\$ 3,461,472
Due from other governments	<u>19,096</u>	<u>-</u>	<u>-</u>	<u>52,668</u>	<u>1,298,662</u>	<u>-</u>	<u>1,370,426</u>
Total assets	<u>\$ 974,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,377,178</u>	<u>\$ 1,672,176</u>	<u>\$ 808,054</u>	<u>\$ 4,831,898</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	<u>\$ 150,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,196</u>	<u>\$ 1,298,662</u>	<u>\$ -</u>	<u>\$ 1,451,356</u>
Fund balances:							
Restricted:							
Stabilization by State statute	19,096	-	-	52,668	-	-	71,764
School capital outlay	-	-	-	-	373,514	-	373,514
Instructional services	-	-	-	639,192	-	-	639,192
Individual schools	-	-	-	-	-	808,054	808,054
Assigned:							
Special revenues	-	-	-	683,122	-	-	683,122
Unassigned	<u>804,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>804,896</u>
Total fund balances	<u>823,992</u>	<u>-</u>	<u>-</u>	<u>1,374,982</u>	<u>373,514</u>	<u>808,054</u>	<u>3,380,542</u>
Total liabilities and fund balances	<u>\$ 974,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,377,178</u>	<u>\$ 1,672,176</u>	<u>\$ 808,054</u>	<u>\$ 4,831,898</u>

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

CURRITUCK COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2025

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	3,380,542
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	105,007,877
Net OPEB asset	52,464
Deferred outflows of resources related to pensions	12,514,697
Deferred outflows of resources related to OPEB	15,128,165
Some liabilities, including those for compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(8,550,212)
Net pension liability	(27,058,426)
Net OPEB liability	(46,891,139)
Deferred inflows of resources related to pensions	(93,349)
Deferred inflows of resources related to OPEB	<u>(7,039,825)</u>
Net position of governmental activities	<u>\$ 46,450,794</u>

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2025

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 36,593,575	\$ -	\$ 386,823	\$ 1,714,988	\$ -	\$ 38,695,386
Currituck County							
Local current expense	14,691,055	-	-	-	-	-	14,691,055
Other	-	-	-	-	33,715,967	-	33,715,967
U.S. Government	-	137,648	2,310,582	95,028	-	-	2,543,258
Other	362,944	-	-	1,000,386	11,871	899,691	2,274,892
Total revenues	15,053,999	36,731,223	2,310,582	1,482,237	35,442,826	899,691	91,920,558
Expenditures:							
Current:							
Instructional services:							
Regular instructional	3,260,199	20,745,575	363,740	253,101	-	-	24,622,615
Special populations	722,550	4,758,651	1,110,464	453,697	-	-	7,045,362
Alternative programs	389,037	552,703	537,728	562,979	-	-	2,042,447
School leadership	1,389,563	2,165,099	-	-	-	-	3,554,662
Co-curricular	538,097	-	-	13,233	-	880,722	1,432,052
School-based support	1,111,057	1,942,951	156,900	96,018	-	-	3,306,926
System-wide support services:							
Support and development	358,278	1,544	-	24,013	-	-	383,835
Special population support and development	-	174,668	-	215	-	-	174,883
Alternative programs and services support and development	-	-	20,043	-	-	-	20,043
Technology support	644,567	344,398	-	-	-	-	988,965
Operational support	4,417,997	5,237,683	2,965	59,011	-	-	9,717,656
Financial and human resource services	1,103,611	237,385	-	874	-	-	1,341,870
Accountability	-	70	-	-	-	-	70
System-wide pupil support	109,874	-	-	-	-	-	109,874
Policy, leadership and public relations	388,062	516,175	-	-	-	-	904,237
Ancillary services	-	-	-	33,695	-	-	33,695
Non-programmed charges	329,345	-	118,742	-	-	-	448,087
Debt service:							
Principal retirement	-	-	-	-	892,135	-	892,135
Interest and fees	-	-	-	-	4,995	-	4,995
Capital outlay	-	-	-	-	35,556,525	-	35,556,525
Total expenditures	14,762,237	36,676,902	2,310,582	1,496,836	36,453,655	880,722	92,580,934
Revenues over (under) expenditures	291,762	54,321	-	(14,599)	(1,010,829)	18,969	(660,376)
Other financing sources (uses):							
Transfers from (to) other funds	(147,092)	(54,321)	-	-	-	-	(201,413)
Installment purchase obligations issued	-	-	-	-	997,374	-	997,374
Total other financing sources (uses)	(147,092)	(54,321)	-	-	997,374	-	795,961
Net change in fund balance	144,670	-	-	(14,599)	(13,455)	18,969	135,585
Fund balances:							
Beginning of year	679,322	-	-	1,389,581	386,969	789,085	3,244,957
End of year	\$ 823,992	\$ -	\$ -	\$ 1,374,982	\$ 373,514	\$ 808,054	\$ 3,380,542

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

CURRITUCK COUNTY 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, 2025

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 135,585
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.	29,420,748
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,243,818
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	2,223,703
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	14,266
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(105,239)
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	(7,728,359)
OPEB (expense) benefit	(1,461,035)
Compensated absences	108,424
Total changes in net position of governmental activities	<u>\$ 27,851,911</u>

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2025

Exhibit 6

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Currituck County	15,758,356	14,691,055	14,691,055	-
U.S. Government	-	-	-	-
Other	188,649	391,108	362,944	(28,164)
Total revenues	15,947,005	15,082,163	15,053,999	(28,164)
Expenditures:				
Current:				
Instructional services	7,298,481	7,412,392	7,410,503	1,889
System-wide support services	8,435,730	7,189,399	7,022,389	167,010
Ancillary services	212,794	-	-	-
Nonprogrammed charges	-	332,372	329,345	3,027
	15,947,005	14,934,163	14,762,237	171,926
Total expenditures	15,947,005	14,934,163	14,762,237	171,926
Excess (deficiency) of revenues over expenditures	-	148,000	291,762	143,762
Other financing uses:				
Transfers to other funds	-	(148,000)	(147,092)	908
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	144,670	\$ 144,670
Fund balances:				
Beginning of year			679,322	
End of year			\$ 823,992	

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

CURRITUCK COUNTY 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, 2025**

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 34,648,967	\$ 37,600,227	\$ 36,593,575	\$ (1,006,652)
Currituck County	-	-	-	-
U.S. Government	-	150,085	137,648	(12,437)
Other	-	-	-	-
Total revenues	<u>34,648,967</u>	<u>37,750,312</u>	<u>36,731,223</u>	<u>(1,019,089)</u>
Expenditures:				
Current:				
Instructional services	28,364,469	30,838,085	30,164,979	673,106
System-wide support services	6,229,639	6,857,906	6,511,923	345,983
Ancillary services	-	-	-	-
Nonprogrammed charges	-	-	-	-
	<u>34,594,108</u>	<u>37,695,991</u>	<u>36,676,902</u>	<u>1,019,089</u>
Total expenditures	<u>34,594,108</u>	<u>37,695,991</u>	<u>36,676,902</u>	<u>1,019,089</u>
Excess (deficiency) of revenues over expenditures	54,859	54,321	54,321	-
Other financing uses:				
Transfers to other funds	(54,859)	(54,321)	(54,321)	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<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.

CURRITUCK COUNTY 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, 2025

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Currituck County	-	-	-	-
U.S. Government	2,700,600	3,417,751	2,310,582	(1,107,169)
Other	-	-	-	-
Total revenues	<u>2,700,600</u>	<u>3,417,751</u>	<u>2,310,582</u>	<u>(1,107,169)</u>
Expenditures:				
Current:				
Instructional services	2,544,648	2,588,455	2,168,832	419,623
System-wide support services	-	23,024	23,008	16
Ancillary services	-	-	-	-
Nonprogrammed charges	<u>155,952</u>	<u>806,272</u>	<u>118,742</u>	<u>687,530</u>
	<u>2,700,600</u>	<u>3,417,751</u>	<u>2,310,582</u>	<u>1,107,169</u>
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
	-	-	-	-
Total expenditures	<u>2,700,600</u>	<u>3,417,751</u>	<u>2,310,582</u>	<u>1,107,169</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<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.

CURRITUCK COUNTY 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, 2025**

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 349,623	\$ 387,334	\$ 386,823	\$ (511)
Currituck County	-	-	-	-
U.S. Government	-	87,809	95,028	7,219
Other	<u>422,057</u>	<u>945,776</u>	<u>1,000,386</u>	<u>54,610</u>
Total revenues	<u>771,680</u>	<u>1,420,919</u>	<u>1,482,237</u>	<u>61,318</u>
Expenditures:				
Current:				
Instructional services	746,680	1,948,244	1,379,028	569,216
System-wide support services	25,000	358,796	84,113	274,683
Ancillary services	-	42,749	33,695	9,054
Nonprogrammed charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>771,680</u>	<u>2,349,789</u>	<u>1,496,836</u>	<u>852,953</u>
Total expenditures	<u>771,680</u>	<u>2,349,789</u>	<u>1,496,836</u>	<u>852,953</u>
Excess (deficiency) of revenues over expenditures	-	(928,870)	(14,599)	914,271
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	<u>-</u>	<u>928,870</u>	<u>-</u>	<u>(928,870)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(14,599)	<u>\$ (14,599)</u>
Fund balances:				
Beginning of year			<u>1,389,581</u>	
End of year			<u>\$ 1,374,982</u>	

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2025

Exhibit 7

	Enterprise Major Fund School Food Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 390,967
Due from other governments	22,259
Inventories	272,581
Total current assets	<u>685,807</u>
Noncurrent assets:	
Net OPEB asset	899
Capital assets:	
Furniture, equipment and vehicles, net	<u>84,008</u>
Total noncurrent assets	<u>84,907</u>
Total assets	<u>770,714</u>
Deferred Outflows of Resources	<u>473,566</u>
Liabilities	
Current liabilities:	
Compensated absences	43,188
Unearned revenue	36,561
Total current liabilities	<u>79,749</u>
Noncurrent liabilities:	
Net pension liability	463,553
Net OPEB liability	803,318
Compensated absences	100,771
Total noncurrent liabilities	<u>1,367,642</u>
Total liabilities	<u>1,447,391</u>
Deferred Inflows of Resources	<u>122,203</u>
Net position	
Net investment in capital assets	84,008
Restricted for DIPNC OPEB plan	1,103
Unrestricted (deficit)	<u>(410,425)</u>
Total net position (deficit)	<u>\$ (325,314)</u>

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2025

Exhibit 8

	Enterprise Major Fund School Food Service
Operating revenues:	
Food sales	\$ 704,735
Operating expenses:	
Food cost:	
Purchase of food	767,233
Donated commodities	105,241
Salaries and benefits	1,164,464
Materials and supplies	1,011
Repairs and maintenance	8,033
Depreciation	36,122
Non-capitalized equipment	8,202
Contracted services	35,950
Other	4,199
Total operating expenses	2,130,455
Operating loss	(1,425,720)
Nonoperating revenues:	
Federal reimbursements	961,140
Federal commodities	105,241
State reimbursements	9,487
Interest earned	11,709
Total nonoperating revenues	1,087,577
Loss before transfers and contributions	(338,143)
Transfers from other funds	201,413
Change in net position	(136,730)
Net position (deficit), beginning, as previously reported	(75,448)
Change in accounting principle (Note 5)	(113,136)
Net position (deficit), beginning of year, as restated	(188,584)
Net position (deficit), end of year	\$ (325,314)

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2025

Exhibit 9

	Enterprise Major Fund School Food Service
Cash flows from operating activities:	
Cash received from customers	\$ 736,964
Cash paid for goods and services	(912,600)
Cash paid to employees for services	(968,232)
Net cash used by operating activities	<u>(1,143,868)</u>
Cash flows from noncapital financing activities:	
Federal and State reimbursements	<u>973,135</u>
Cash flows from investing activities:	
Interest earned on investments	<u>11,709</u>
Net decrease in cash and cash equivalents	(159,024)
Cash and cash equivalents, beginning of year	<u>549,991</u>
Cash and cash equivalents, end of year	<u><u>\$ 390,967</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ <u>(1,425,720)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	36,122
Donated commodities	105,241
Salaries paid by other funds	201,413
Changes in assets and liabilities:	
Decrease in accounts receivable	31,249
Increase in OPEB asset	(899)
Increase in inventories	(87,972)
Decrease in pension liability	(63,804)
Increase in OPEB liability	151,633
Increase in deferred outflows	(8,109)
Decrease in deferred inflows	(79,259)
Increase in unearned revenue	980
Decrease in compensated absences payable	<u>(4,743)</u>
Total adjustments	<u>281,852</u>
Net cash used by operating activities	<u><u>\$ (1,143,868)</u></u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$105,241 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 \$54,320 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.

The General Fund paid salaries and benefits of \$147,092 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.

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2025

Exhibit 10

	Private Purpose Trust Fund
Assets	
Cash and cash equivalents	\$ 132,010
Net position	
Assets held in trust for private purpose	\$ 132,010

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

CURRITUCK COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2025

Exhibit 11

	Private Purpose Trust Fund
Additions:	
Interest income	<u>\$ 3,650</u>
Deductions:	
Scholarship payments	<u> -</u>
Change in net position	3,650
Beginning net position	<u>128,360</u>
Ending net position	<u><u>\$ 132,010</u></u>

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

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Currituck County Board of Education conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Currituck County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Currituck County, 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. 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.

Federal Grants Fund. The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal and State grants restricted as to use, federal and State appropriations made directly to local school administrative units, funds received for prekindergarten programs and 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 Currituck County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

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

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

Administrative Fund. The Administrative Fund is used to account for scholarship money under the control of the Board for the benefit of students in the district. This fund is reported as a private purpose trust fund.

C. Measurement Focus and Basis of Accounting

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

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

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue fund, 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 purpose level for all annually budgeted funds. The Board has authorized the superintendent to transfer amounts within a function without limitations and without a report to the Board of Education. Any increase or decrease in function levels appropriated must be approved by the governing board. The superintendent may not transfer amounts between funds nor transfer any contingency appropriations within a fund. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Equity

1. Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

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

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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

3. Inventories

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

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1995 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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>Item</u>	<u>Years</u>
Buildings and improvements	10-50
Equipment and furniture	5-20
Vehicles	5-15

Depreciation for buildings and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as "unallocated depreciation" on the Statement of Activities. Land and construction in progress are not depreciated.

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as expense or expenditure until then. The Board has two items that meet this criterion - a pension related deferral and contributions made to the pension plan in the current fiscal year. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meet this criterion – pension related deferrals.

6. Long-term Obligations

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

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

7. Compensated Absences

The Board recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The Board follows the State's policy for vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements on a FIFO basis. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. An estimate has been made based on prior years' records of the current portion of compensated absences.

Vacation Leave - Employees may accumulate up to thirty (30) days of earned but unused vacation leave with such leave being fully vested when earned and eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave - 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. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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:

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)]. The restriction will be released as of the beginning of the subsequent fiscal year following collection of the amounts owed to the district.

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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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

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

Special 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. The General fund is the only fund that reports a positive unassigned fund balance amount, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

The Board does not have a formal fund balance policy. Therefore, the unassigned fund balance in the General Fund is available for appropriation.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. All appropriations shall first be paid from revenues restricted as to use and secondly from restricted revenues.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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 \$43,070,252 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets at historical cost on government-wide statement in governmental activities column)	\$ 163,935,580
Less Accumulated Depreciation	<u>(58,927,703)</u>
Net capital assets	105,007,877
Net OPEB Asset	52,464
Pension related deferred outflows of resources	12,514,697
OPEB related deferred outflows of resources	15,128,165
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment financing	(715,653)
Compensated absences	(7,834,559)
Net pension liability	(27,058,426)
Net OPEB liability	(46,891,139)
Deferred inflows of resources related to pensions	(93,349)
Deferred inflows of resources related to OPEB	<u>(7,039,825)</u>
Total adjustment	<u>\$ 43,070,252</u>

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances 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 \$27,716,326 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 31,669,654
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	(2,248,906)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(997,374)
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	892,135
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,243,818
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	2,223,703
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	14,266
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	(7,728,359)
OPEB (expense) benefit	(1,461,035)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	108,424
Total adjustment	<u>\$ 27,716,326</u>

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

10. Defined Benefit Pension Plan and OPEB Plans

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2025, the Board had deposits with banks and savings and loans with a carrying amount of \$1,342,526. The bank balances with the financial institutions and the State Treasurer were \$1,872,124 and \$389,612, respectively. Of these balances, \$250,000 was covered by federal depository insurance and \$2,011,736 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2025, the Board had \$327,204 invested with the North Carolina Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board had \$2,314,719 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 2.1 years at June 30, 2025. The Board has no policy for managing interest rate risk, concentration 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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2025 are as follows:

	Due from other governments
Governmental activities:	
General Fund	\$ 19,096
Other governmental activities	<u>1,351,330</u>
Total governmental activities	<u>\$ 1,370,426</u>
Business-type activities:	
School Food Service Fund	<u>\$ 22,259</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 19,096	Amounts due from County & DOR
Capital Outlay Fund	1,298,662	Amounts due from County
Other Special Revenue	<u>52,668</u>	Amounts due from County
Total	<u>\$ 1,370,426</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 22,259</u>	Federal grant funds

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4. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,419,859	\$ -	\$ -	\$ 1,419,859
Construction in progress	14,420,487	29,720,185	-	44,140,672
Total capital assets not being depreciated	15,840,346	29,720,185	-	45,560,531
Capital assets being depreciated:				
Buildings and improvements	103,737,578	539,950	-	104,277,528
Equipment and furniture	5,423,608	298,882	-	5,722,490
Vehicles	7,283,596	1,110,637	19,202	8,375,031
Total capital assets being depreciated	116,444,782	1,949,469	19,202	118,375,049
Less accumulated depreciation for:				
Buildings and improvements	46,869,947	1,860,472	-	48,730,419
Equipment and furniture	5,064,180	65,771	-	5,129,951
Vehicles	4,763,872	322,663	19,202	5,067,333
Total accumulated depreciation	56,697,999	2,248,906	19,202	58,927,703
Total capital assets being depreciated, net	59,746,783			59,447,346
Governmental activity capital assets, net	\$ 75,587,129			\$ 105,007,877
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	\$ 1,285,344	\$ -	\$ -	\$ 1,285,344
Less accumulated depreciation for:				
Equipment, furniture and vehicles	1,165,214	36,122	-	1,201,336
School Food Service capital assets, net	\$ 120,130			\$ 84,008

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 1,860,472
System-wide support services	322,663
Unallocated depreciation	65,771
Total	<u>\$ 2,248,906</u>

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5. Significant Commitments

At June 30, 2024, the Board had commitments with contractors for the remaining portion of the new Tulls Creek Middle and other various projects totaling \$20.4 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2025 was

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16.79% 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 \$5,333,653 for the year ended June 30, 2025.

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 includes 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, 2025, the Board reported a liability of \$27,521,979 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2024 and 2023, the Board's proportion was .18575% and .18181%, respectively.

For the year ended June 30, 2025, the Board recognized pension expense of \$7,853,775. At June 30, 2025, 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	\$ 2,480,208	\$ 81,359
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,538,244	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	376,989	13,589
Board contributions subsequent to the measurement date	5,333,653	-
Total	<u>\$ 12,729,094</u>	<u>\$ 94,948</u>

\$5,333,653 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, 2026. 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>	
2026	\$ 2,361,819
2027	5,541,829
2028	(117,368)
2029	(485,787)
2030	-
Thereafter	-
Total	<u>\$ 7,300,493</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2023 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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 rates used to measure the total pension liability reported at June 30, 2025 and 2024 was 6.50% 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 liability to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability	\$ 50,486,019	\$ 27,521,979	\$ 8,584,763

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

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 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 ACFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is 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, 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 year ended June 30, 2025, the Board contributed 6.99% of covered payroll, which amounted to \$2,220,502 for the entire fiscal year. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$10.3 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$14,510.

At June 30, 2025, the Board reported a liability of \$47,694,457 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 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, 2024 and 2023, the Board's proportion was .14023% and .14041%, respectively.

\$2,220,502 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, 2026. 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:

2026	\$	(32,974)
2027		1,145,726
2028		2,614,494
2029		2,267,007
2030		-
Thereafter		-
Total	\$	<u>5,994,253</u>

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

Inflation	2.50%
Salary increases	3.25-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	6.50%

Healthcare cost trend rates:

Medical	5.00-6.50%
Prescription drug	5.00-10.00%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2025 and 2024 were 3.93% and 3.65%, 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 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

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 (2.93 percent) or 1-percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	\$ 56,744,060	\$ 47,694,457	\$ 40,428,416

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 - 4.00-9.00%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.50%, Pharmacy - 5.00-10.00%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00-7.50%, Pharmacy - 6.00-11.00%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 39,368,350	\$ 47,694,457	\$ 58,475,144

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ACFR 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 ACFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits 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, 2025, employers made a statutory contribution of 0.13% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$41,297 for the year ended June 30, 2025.

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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, 2025, the Board reported an asset of \$53,363 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 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, 2024 and 2023, the Board's proportion was .16207% and .15868%, respectively.

\$41,297 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, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2026	\$	(23,933)
2027		(16,582)
2028		6,034
2029		3,219
2030		2,115
Thereafter		-
Total	\$	<u>(29,147)</u>

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

Inflation	2.50%
Salary increases	3.25%-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	3.00%, 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 (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB asset	\$ 47,582	\$ 53,363	\$ 59,439

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2023 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, 2024. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are

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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, 2015 through December 31, 2019.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2024. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2024 is 1.2%.

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, 2025:

	RHBF	DIPNC	Total
OPEB Expense (Benefit)	\$ 1,437,977	\$ 25,379	\$ 1,463,356
OPEB Liability (Asset)	47,694,457	(53,363)	47,641,094
Proportionate share of the net OPEB liability (asset)	0.14023%	0.16207%	
Deferred Outflows of Resources			
Differences between expected and actual experience	388,738	21,513	410,251
Changes of assumptions	11,486,773	796	11,487,569
Net difference between projected and actual earnings on plan investments	204,379	41,893	246,272
Changes in proportion and differences between Board contributions and proportionate share of contributions	981,443	-	981,443
Board contributions subsequent to the measurement date	2,220,502	41,297	2,261,799
Total Deferred Outflows of Resources	<u>15,281,835</u>	<u>105,499</u>	<u>15,387,334</u>
Deferred Inflows of Resources			
Differences between Expected and actual experience	-	61,379	61,379
Changes of assumptions	6,218,383	24,862	6,243,245
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	848,697	7,108	855,805
Total Deferred Inflows of Resources	<u>7,067,080</u>	<u>93,349</u>	<u>7,160,429</u>

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2. Accounts Payable

Accounts payable as of June 30, 2025 are as follows:

	<u>Vendors</u>
Governmental activities:	
General Fund	\$ 150,498
Other governmental activities	<u>1,300,858</u>
Total governmental activities	<u>\$ 1,451,356</u>

3. Unearned Revenues

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

Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 36,561</u>

4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,890,459	\$ 142,738
Changes of assumptions	11,487,569	6,243,245
Net difference between projected and actual earnings on pension plan investments	4,784,516	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,358,432	869,394
Board contributions subsequent to the measurement date	7,595,452	-
Total	<u>\$ 28,116,428</u>	<u>\$ 7,255,377</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, and workers' compensation coverage up to the statutory limits for employees to the extent they are paid from federal and local funds. The State of North Carolina provides workers' compensation coverage for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for both general liability and errors and omissions of \$2,550,000 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, and for losses in

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

excess of \$250,000 per claim for workers' compensation coverage. The Board also participates in the State Public Education Property Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction. Two school buildings and their contents are each insured for floods with coverage up to \$500,000 for the building and \$500,000 for the contents, less a \$5,000 deductible on both the building and the contents. One school building is insured for floods with coverage up to \$500,000 for the building, less a \$50,000 deductible. Flood insurance is not required on the other buildings.

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 December 31, 2024 and Aetna thereafter. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits. The Board pays the majority 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 \$5,000.

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

6. 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 monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third party financing arrangements. During the fiscal year ended June 30, 2023 and June 30, 2024, the Board entered into such direct placement financing contracts for the purchase of school buses. The original amount of the Board's school bus direct placement installment purchase contracts outstanding at June 30, 2025 totaled \$1,682,604. The contract requires 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.

The Board also entered into a direct placement installment purchase contract to purchase 2 modular buildings during the fiscal year ended June 30, 2022. The cost of the modulars was \$239,998, payable in 6 annual installments of \$48,224 including an interest rate of 5.62%, the final payment is due during the fiscal year ended June 30, 2025.

The future minimum payments of the direct placement installment purchases as of June 30, 2025 are as follows:

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 466,310	\$ 2,566
2027	249,343	-
Total	<u>\$ 715,653</u>	<u>\$ 2,566</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, 2025:

	July 1, 2024 (As restated)	Increases	Decreases	June 30, 2025	Current Portion
Governmental activities:					
Installment purchase	\$ 610,414	\$ 997,374	\$ 892,135	\$ 715,653	\$ 466,310
Net pension liability	29,783,975	-	2,725,549	27,058,426	-
Net OPEB liability	36,805,812	10,085,327	-	46,891,139	-
Compensated absences	7,942,983	-	108,424	7,834,559	2,350,368
Total	<u>\$ 75,143,184</u>	<u>\$ 11,082,701</u>	<u>\$ 3,726,108</u>	<u>\$ 82,499,777</u>	<u>\$ 2,816,678</u>
Business-type activities:					
Net pension liability	\$ 527,357	\$ -	\$ 63,804	\$ 463,553	\$ -
Net OPEB liability	651,685	151,633	-	803,318	-
Compensated absences	148,702	-	4,743	143,959	43,188
Total	<u>\$ 1,327,744</u>	<u>\$ 151,633</u>	<u>\$ 68,547</u>	<u>\$ 1,410,830</u>	<u>\$ 43,188</u>

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

C. Interfund Balances and Activity

1. Transfers to/from other Funds

Transfers to/from other funds at June 30, 2025 consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 54,321</u>
From the General Fund to the School Food Service Fund for operational costs	<u>\$ 147,092</u>

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

D. Net Position/Fund Balance

1. Net Investment in Capital Assets – Governmental Activities

Net investment in capital assets presented in Exhibit 1 is calculated as follows:

Total governmental activities capital assets	\$ 105,007,877
Less:	
Installment purchase obligations for school buses and modulars	(715,653)
Capital outlay accounts payable	<u>(1,298,662)</u>
Net investment in capital assets, governmental activities	<u>\$ 102,993,562</u>

2. 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	\$ 823,992
Less:	
Stabilization by State statute	<u>(19,096)</u>
Remaining fund balance	<u>\$ 804,896</u>

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2025 in the Other Special Revenue Fund consists of the following:

Medicaid reimbursement program	\$ 370,541
Interest earned on investments	33,298
Tuition and fees	265,667
Indirect costs allocated	118,742
Rental of school property	5,280
Private grants and programs	77,000
Contributions and donations	6,200
Sales tax reimbursement	86,613
Other reimbursements and refunds	23,949
Other	<u>13,096</u>
Total other revenues	<u>\$ 1,000,386</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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.

NOTE 5 – ACCOUNTING CHANGES

Change in Accounting Principle

Effective July 1, 2024, the Board implemented accounting and financial reporting requirements of GASB Statement 101, Compensated Absences. The statement requires that governments recognize liabilities for sick leave that is attributable to services the employee has rendered, that accumulates and is more likely than not to be used. See the table below for the effects on Board's net position as a result of the adoption of this statement.

Adjustments to and Restatements of Beginning Balances

During the fiscal year ended June 30, 2025, implementation of GASB Statement 101 resulted in restatements of beginning net position and fund net position, as follows:

	Reporting Units Affected by Restatements of Beginning Balances		
	Proprietary Fund	Government-Wide	
	School Food Service	Governmental Activities	Business-Type Activities
June 30, 2024 net position (deficit), as previously reported	\$ (75,448)	\$ 24,052,263	\$ (75,448)
Change in accounting principle	<u>(113,136)</u>	<u>(5,453,380)</u>	<u>(113,136)</u>
June 30, 2024 net position (deficit), as restated	<u>\$ (188,584)</u>	<u>\$ 18,598,883</u>	<u>\$ (188,584)</u>

NOTE 6 – SUBSEQUENT EVENTS

The Board has evaluated subsequent events through December 19, 2025 (the issuance date of the financial statements) and has determined that there were no subsequent events to recognize or disclose in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System

Schedule of Board Contributions
Teachers' and State Employees' Retirement System

Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund

Schedule of Board Contributions
Retiree Health Benefit Fund

Schedule of the Board's Proportionate Share of the Net OPEB Liability (Asset)
Disability Income Plan of North Carolina

Schedule of Board Contributions
Disability Income Plan of North Carolina

**CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS***

	2025	2024	2023	2022	2021
Board's proportion of the net pension liability (asset)	0.18575%	0.18181%	0.17533%	0.16449%	0.16488%
Board's proportionate share of the net pension liability (asset)	\$ 27,521,979	\$ 30,311,332	\$ 26,022,896	\$ 7,702,410	\$ 19,920,797
Board's covered payroll	\$ 31,503,035	\$ 30,300,306	\$ 28,710,387	\$ 25,718,448	\$ 25,322,711
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	87.36%	100.04%	90.64%	29.95%	78.67%
Plan fiduciary net position as a percentage of the total pension liability	85.35%	82.97%	84.14%	94.86%	85.98%
	2020	2019	2018	2017	2016
Board's proportion of the net pension liability (asset)	0.16184%	0.16067%	0.16209%	0.15618%	0.15299%
Board's proportionate share of the net pension liability (asset)	\$ 16,777,883	\$ 15,996,448	\$ 12,860,935	\$ 14,354,553	\$ 5,637,982
Board's covered payroll	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976	\$ 21,389,824
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	67.32%	68.59%	56.33%	66.24%	26.36%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%	89.51%	87.32%	94.64%

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 5,333,653	\$ 5,553,984	\$ 5,266,193	\$ 4,531,450	\$ 3,799,855
Contributions in relation to the contractually required contribution	<u>5,333,653</u>	<u>5,553,984</u>	<u>5,266,193</u>	<u>4,531,450</u>	<u>3,799,855</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 31,766,850	\$ 31,503,035	\$ 30,300,306	\$ 28,710,387	\$ 25,718,448
Contributions as a percentage of covered payroll	16.79%	17.63%	17.38%	16.38%	14.78%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,299,979	\$ 3,063,176	\$ 2,513,939	\$ 2,278,650	\$ 1,982,986
Contributions in relation to the contractually required contribution	<u>3,299,979</u>	<u>3,063,176</u>	<u>2,513,939</u>	<u>2,278,650</u>	<u>1,982,986</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%

**CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST NINE FISCAL YEARS***

	2025	2024	2023	2022	2021
Board's proportion of the net OPEB liability/asset	0.14023%	0.14041%	0.14530%	0.14169%	0.13987%
Board's proportionate share of the net OPEB liability (asset)	\$ 47,694,457	\$ 37,415,294	\$ 34,504,636	\$ 43,805,513	\$ 38,801,668
Board's covered payroll	\$ 31,503,035	\$ 30,300,306	\$ 28,710,387	\$ 25,718,448	\$ 25,322,711
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	151.40%	123.48%	120.18%	170.33%	153.23%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	9.79%	10.73%	10.58%	7.72%	6.92%
	2020	2019	2018	2017	
Board's proportion of the net OPEB liability/asset	0.13818%	0.14014%	0.14305%	0.13479%	
Board's proportionate share of the net OPEB liability (asset)	\$ 43,719,432	\$ 39,924,376	\$ 46,900,827	\$ 58,639,802	
Board's covered payroll	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976	
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	175.41%	171.20%	205.42%	270.58%	
Plan fiduciary net position as a percentage of the total OPEB liability/asset	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 nine years of data presented.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,220,502	\$ 2,249,316	\$ 2,087,691	\$ 1,740,099	\$ 1,717,390
Contributions in relation to the contractually required contribution	<u>2,220,502</u>	<u>2,249,316</u>	<u>2,087,691</u>	<u>1,740,099</u>	<u>1,717,390</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 31,766,850	\$ 31,503,035	\$ 30,300,306	\$ 28,710,387	\$ 25,718,448
Contributions as a percentage of covered payroll	6.99%	7.14%	6.89%	6.29%	6.68%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,646,173	\$ 1,562,743	\$ 1,410,884	\$ 1,293,053	\$ 1,213,631
Contributions in relation to the contractually required contribution	<u>1,646,173</u>	<u>1,562,743</u>	<u>1,410,884</u>	<u>1,293,053</u>	<u>1,213,631</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976
Contributions as a percentage of covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%

**CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST NINE FISCAL YEARS***

	2025	2024	2023	2022	2021
Board's proportion of the net OPEB liability/asset	0.16207%	0.15868%	0.15342%	0.14531%	0.14377%
Board's proportionate share of the net OPEB liability (asset)	\$ (53,363)	\$ 42,203	\$ 45,639	\$ (23,735)	\$ (70,726)
Board's covered payroll	\$ 31,503,035	\$ 30,300,306	\$ 28,710,387	\$ 25,718,448	\$ 25,322,711
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-0.17%	0.14%	0.16%	0.09%	0.28%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	114.99%	90.61%	90.34%	105.18%	115.57%
	2020	2019	2018	2017	
Board's proportion of the net OPEB liability/asset	0.14221%	0.14166%	0.14206%	0.13796%	
Board's proportionate share of the net OPEB liability (asset)	\$ (61,364)	\$ (43,031)	\$ (86,827)	\$ (85,673)	
Board's covered payroll	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976	
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.25%	0.18%	0.38%	0.40%	
Plan fiduciary net position as a percentage of the total OPEB liability/asset	113.00%	108.47%	116.23%	116.06%	

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

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 41,297	\$ 34,653	\$ 30,300	\$ 24,898	\$ 23,138
Contributions in relation to the contractually required contribution	<u>41,297</u>	<u>34,653</u>	<u>30,300</u>	<u>24,898</u>	<u>23,138</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 31,766,850	\$ 31,503,035	\$ 30,300,306	\$ 28,710,387	\$ 25,718,448
Contributions as a percentage of covered payroll	0.13%	0.11%	0.10%	0.09%	0.09%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 25,443	\$ 34,894	\$ 32,649	\$ 86,762	\$ 88,855
Contributions in relation to the contractually required contribution	<u>25,443</u>	<u>34,894</u>	<u>32,649</u>	<u>86,762</u>	<u>88,855</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%

INDIVIDUAL FUND SCHEDULES

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Currituck County:			
County appropriation	\$ 14,691,055	\$ 14,691,055	\$ -
Other:			
Fines and forfeitures	300,000	274,011	(25,989)
Interest earned on investment	37,548	35,373	(2,175)
Insurance proceeds	53,560	53,560	-
Total other	<u>391,108</u>	<u>362,944</u>	<u>(28,164)</u>
Total revenues	<u>15,082,163</u>	<u>15,053,999</u>	<u>(28,164)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	-	3,260,199	-
Special populations	-	722,550	-
Alternative programs	-	389,037	-
School leadership	-	1,389,563	-
Co-curricular	-	538,097	-
School-based support	-	1,111,057	-
Total instructional services	<u>7,412,392</u>	<u>7,410,503</u>	<u>1,889</u>
System-wide support services:			
Support and development	-	358,278	-
Technology support	-	644,567	-
Operational support	-	4,417,997	-
Financial and human resource services	-	1,103,611	-
System-wide pupil support	-	109,874	-
Policy, leadership and public relations	-	388,062	-
Total system-wide support services	<u>7,189,399</u>	<u>7,022,389</u>	<u>167,010</u>

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures: (Continued)			
Nonprogrammed charges:			
Payments to other governments	<u>332,372</u>	<u>329,345</u>	<u>3,027</u>
Total expenditures	<u>14,934,163</u>	<u>14,762,237</u>	<u>171,926</u>
Revenues over (under) expenditures	148,000	291,762	143,762
Other financing sources:			
Transfers to other funds	<u>(148,000)</u>	<u>(147,092)</u>	<u>908</u>
Net change in fund balance	<u>\$ -</u>	144,670	<u>\$ 144,670</u>
Fund balance:			
Beginning of year		<u>679,322</u>	
End of year		<u>\$ 823,992</u>	

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 731,895	\$ 424,232	\$ (307,663)
Public School Capital Fund - Repairs and Renov.	1,054,729	441,850	(612,879)
State Buses Appropriation	<u>848,906</u>	<u>848,906</u>	<u>-</u>
Total State of North Carolina	<u>2,635,530</u>	<u>1,714,988</u>	<u>(920,542)</u>
Currituck County:			
Bond proceeds	46,498,055	28,176,149	(18,321,906)
County Appropriations	<u>6,654,151</u>	<u>5,539,818</u>	<u>(1,114,333)</u>
Total Currituck County	<u>53,152,206</u>	<u>33,715,967</u>	<u>(19,436,239)</u>
Other:			
Interest earned on investments	-	8,566	8,566
Miscellaneous	<u>457</u>	<u>3,305</u>	<u>2,848</u>
Total other	<u>457</u>	<u>11,871</u>	<u>11,414</u>
Total revenues	<u>55,788,193</u>	<u>35,442,826</u>	<u>(20,345,367)</u>
Expenditures:			
Debt service:			
Principal retirement	892,135	892,135	-
Interest and fees	<u>4,995</u>	<u>4,995</u>	<u>-</u>
Total debt service	<u>897,130</u>	<u>897,130</u>	<u>-</u>
Capital outlay:			
Real property and buildings:			
Moyock Elementary roof	-	465,775	-
Moyock Middle roof	-	444,330	-
Tulls Creek Elementary	-	28,176,149	-
Various other capital projects	<u>-</u>	<u>4,402,537</u>	<u>-</u>
Total real property and buildings	<u>52,942,527</u>	<u>33,488,791</u>	<u>19,453,736</u>
Furnishings and equipment	<u>1,088,764</u>	<u>971,139</u>	<u>117,625</u>
Buses and motor vehicles	<u>1,422,811</u>	<u>1,096,595</u>	<u>326,216</u>
Total capital outlay	<u>55,454,102</u>	<u>35,556,525</u>	<u>19,897,577</u>
Total expenditures	<u>56,351,232</u>	<u>36,453,655</u>	<u>19,897,577</u>
Revenues over (under) expenditures	(563,039)	(1,010,829)	(447,790)
Other financing sources:			
Installment purchase obligations issued	<u>474,684</u>	<u>997,374</u>	<u>522,690</u>
Fund balance appropriated	<u>88,355</u>	<u>-</u>	<u>(88,355)</u>
Net change in fund balance	<u>\$ -</u>	<u>(13,455)</u>	<u>\$ (13,455)</u>
Fund balance:			
Beginning of year		<u>386,969</u>	
End of year		<u>\$ 373,514</u>	

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual	Variance With Final Budget
Operating revenues - food sales	\$ 907,882	\$ 704,735	\$ (203,147)
Operating expenditures:			
Business support services:			
Purchase of food	-	855,205	-
Donated commodities	-	105,241	-
Salaries and benefits	-	1,169,645	-
Materials and supplies	-	1,011	-
Repairs and maintenance	-	8,033	-
Non-capitalized equipment	-	8,202	-
Contracted services	-	35,950	-
Other	-	4,199	-
Total operating expenditures	2,322,821	2,187,486	135,335
Operating loss	(1,414,939)	(1,482,751)	(67,812)
Nonoperating revenues:			
Federal reimbursements	1,202,751	961,140	(241,611)
Federal commodities	150,000	105,241	(44,759)
State reimbursements	6,786	9,487	2,701
Interest earned	10,402	11,709	1,307
Total nonoperating revenues	1,369,939	1,087,577	(282,362)
Revenues over (under) expenditures before other financing sources	(45,000)	(395,174)	(350,174)
Other financing sources:			
Transfers from other funds	45,000	201,413	156,413
Revenues and other sources over (under) expenditures	\$ -	(193,761)	\$ (193,761)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(36,122)	
Net OPEB asset		899	
Net pension liability		63,804	
Net OPEB liability		(151,633)	
Deferred outflows		8,109	
Deferred inflows		79,259	
Decrease in compensated absences payable		4,743	
Increase in inventories		87,972	
Change in net position (full accrual)		\$ (136,730)	

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Currituck County Board of Education
Currituck, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Currituck County Board of Education, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprises the Currituck County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Currituck County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*December 19, 2025
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Report On Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit
Implementation Act

To the Currituck County Board of Education
Currituck, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Currituck County Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2025. The Currituck County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Currituck County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Currituck County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Currituck County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Currituck County Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Currituck County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Currituck County Board of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Currituck County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Currituck County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Currituck County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Anderson Smith & Wike PLLC

*December 19, 2025
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Report On Compliance for Each Major State Program and Report on
Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit
Implementation Act

To the Currituck County Board of Education
Currituck, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Currituck County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2025. The Currituck County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Currituck County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Currituck County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Currituck County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Currituck County Board of Education's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Currituck County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Currituck County Board of Education's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Currituck County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Currituck County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Currituck County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Anderson Smith & Wike PLLC

*December 19, 2025
West End, North Carolina*

**CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025**

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

AL Numbers	Names of Federal Program or Cluster
	Special Education Cluster:
84.027	Grants to States – IDEA, part B (611)
84.027	Special Needs Targeted Assistance
84.173	Preschool Program – IDEA, Part B (619)
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Commodities)
10.559	Summer Food Service Program for Children

Dollar threshold used to distinguish between Type A and Type B Programs	<u><i>\$ 750,000</i></u>
Auditee qualified as low-risk auditee?	<i>Yes</i>

**CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025**

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major State programs:

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

Type of auditors' report issued on compliance for major State programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

No

Identification of major State programs:

Program Name

State Public School Fund
State appropriations – buses
Public School Building Capital Fund

Dollar threshold used to distinguish between Major State Programs

\$ 500,000

Auditee qualified as low-risk auditee?

Yes

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

Section IV - State Award Findings and Questioned Costs

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

***CURRITUCK COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2025***

There were no audit findings reported in the prior year.

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2025

Page 1 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 105,241
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	250,453
National School Lunch Program	10.555	PRC 035	704,794
Summer Food Service Program for Children	10.559	PRC 035	5,893
Cash Assistance Subtotal			961,140
Total Child Nutrition Cluster			1,066,381
Local Food for Schools Cooperative Agreement Program	10.185		2,749
Total U.S. Department of Agriculture			1,069,130
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			
Smart Bus Safety Pilot	21.027	PRC 140	137,648
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education:			
Direct Programs:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041		58,717
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050 & 115	699,007
Education for Homeless Children and Youth	84.196	PRC 026	26,441
Supporting Effective Instruction	84.367	PRC 103	121,378
Language Acquisition Grant	84.365	PRC 104	7,845
Student Support and Academic Enrichment	84.424	PRC 108	42,349
Office of Special Education and Rehabilitative Services:			
Passed-through the N.C. Department of Public Instruction:			
Individuals with Disabilities Education Act			
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	1,059,341
Special Needs Targeted Assistance	84.027	PRC 118	10,963
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	19,673
Preschool Targeted Assistance	84.173	PRC 119	670
Total Special Education Cluster			1,090,647
Title VI-B, Education of the Handicapped	84.323	PRC 082	16,482

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2025

Page 2 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Education Stabilization Fund:			
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	221,137
COVID-19 - ESSER III - Summer Career Accel. Programs	84.425U	PRC 188	13,590
COVID-19 - ESSER III - Cyberbullying & Suicide Prevention	84.425U	PRC 192	9,643
Total COVID-19 - Education Stabilization Fund	84.425		<u>244,370</u>
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	<u>62,063</u>
Total U.S. Department of Education			<u>2,369,299</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>33,562</u>
Total Federal Assistance			<u>3,609,639</u>
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	34,619,541
Career and Technical Education:			
State Months of Employment		PRC 013	1,648,615
Program Support Funds		PRC 014	205,675
Driver Training		PRC 012	66,402
School Technology Fund		PRC 015	<u>53,342</u>
Passed-through Currituck County:			
Lottery Capital Funds			
Public School Capital Fund - Repairs and Renovations			441,850
Public School Capital Fund - Lottery		PRC 076	<u>424,232</u>
Total Lottery Capital Funds			<u>866,082</u>
Cash assistance subtotal			37,459,657
Non-Cash Assistance:			
State Buses Appropriations		PRC 120	<u>848,906</u>
Total NC Department of Public Instruction			<u>38,308,563</u>

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2025

Page 3 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>N.C. Department of Juvenile Justice</u> Passed-through Currituck County Juvenile Crime Prevention Council			<u>111,289</u>
<u>N.C. Department of Health and Human Services</u> Division of Child Development: Passed through Currituck County Partnership for Children NC Pre-Kindergarten Program		PRC 413	<u>244,587</u>
<u>N.C. Department of Natural and Cultural Resources:</u> Division of the North Carolina Arts Council Grassroots Arts Program			<u>30,947</u>
<u>N.C. Department of Agriculture</u> State Reduced Breakfast Program State Reduced Lunch Program			<u>2,968</u> <u>6,519</u>
Total State Assistance			<u>38,704,873</u>
Total Federal and State Assistance			<u>\$ 42,314,512</u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Currituck County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Currituck County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Currituck Board of Education.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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