

***RICHMOND COUNTY
BOARD OF EDUCATION
Hamlet, North Carolina***

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

**RICHMOND COUNTY BOARD OF EDUCATION
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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Richmond County Board of Education
Hamlet, 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 and each major fund of the Richmond 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 Richmond 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 and each major fund of the Richmond 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, Federal Grants and Restricted 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 Richmond 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 Richmond 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 Richmond 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 Richmond 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 10 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liabilities (Assets) and the Schedules of Board Contributions on pages 49 through 54, 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 Richmond 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 11, 2025, on our consideration of the Richmond 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 Richmond 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 Richmond County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

December 11, 2025
Rockingham, North Carolina
(910) 997-1418

RICHMOND COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Richmond 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 \$10.2 million and \$385 thousand, 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 \$7.6 million. Governmental activities net position increased by \$7.8 million and business-type activities net position decreased by \$204 thousand.
- Total government-wide net investment in capital assets increased by \$10.9 million over the prior year. Governmental activities net investment in capital assets increased by \$10.9 million and business-type activities net investment in capital assets decreased by \$26 thousand.
- Total governmental activities restricted net position increased by \$456 thousand over the prior year.

Overview of the Financial Statements

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents 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 and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near-term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting.

The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements

RICHMOND COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

Government-wide Statements

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

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

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

Richmond County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the 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 Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Restricted Revenue Fund and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

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

Proprietary fund: 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 Richmond County Board of Education's only proprietary fund is an enterprise fund, the School Food Service Fund.

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

Financial Analysis of the Board as a Whole

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$27.3 million as of June 30, 2025 as compared to \$24.2 million as of June 30, 2024. As previously discussed, this year-over-year change is due in large part to 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 \$10.6 million.

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

**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	\$ 7,584,928	\$ 7,328,298	\$ 1,281,946	\$ 1,403,168	\$ 8,866,874	\$ 8,731,466
Capital assets	65,576,875	54,619,194	455,541	481,484	66,032,416	55,100,678
Total assets	<u>73,161,803</u>	<u>61,947,492</u>	<u>1,737,487</u>	<u>1,884,652</u>	<u>74,899,290</u>	<u>63,832,144</u>
Deferred outflows of resources	42,609,788	40,831,936	1,981,178	1,898,737	44,590,966	42,730,673
Current liabilities	8,740,476	3,174,182	276,901	136,006	9,017,377	3,310,188
Long-term liabilities	119,349,456	102,083,034	5,428,229	4,700,829	124,777,685	106,783,863
Total liabilities	<u>128,089,932</u>	<u>105,257,216</u>	<u>5,705,130</u>	<u>4,836,835</u>	<u>133,795,062</u>	<u>110,094,051</u>
Deferred inflows of resources	12,394,163	19,782,531	576,277	919,913	12,970,440	20,702,444
Net investment in						
capital assets	65,096,493	54,154,166	455,541	481,484	65,552,034	54,635,650
Restricted net position	3,694,186	3,237,939	4,869	-	3,699,055	3,237,939
Unrestricted net position (deficit)	<u>(93,503,183)</u>	<u>(79,652,424)</u>	<u>(3,023,152)</u>	<u>(2,454,843)</u>	<u>(96,526,335)</u>	<u>(82,107,267)</u>
Total net position (deficit)	<u>\$ (24,712,504)</u>	<u>\$ (22,260,319)</u>	<u>\$ (2,562,742)</u>	<u>\$ (1,973,359)</u>	<u>\$ (27,275,246)</u>	<u>\$ (24,233,678)</u>

Net position is an indicator of the fiscal health of the Board. Net of the \$10.2 million reduction in beginning of year net position for implementation of GASB 101, the net position of the Board's governmental activities increased \$7.8 million during the year to \$(24.7) million at June 30, 2025, indicating an improvement in the financial condition of the Board. Restricted net position increased by \$456 thousand due primarily to an increase in unexpended Medicaid funds. Net investment in capital assets increased \$10.9 million during the year due largely to an excess of capital additions over depreciation and amortization expense. 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. In addition to liabilities being significantly impacted by actuarial changes in pension and OPEB plans, liabilities were also significantly impacted due to the recording of sick leave as part of the implementation of GASB 101.

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

Net of a reduction of \$385 thousand to beginning of year net position for implementation of GASB 101, net position of the Board's business-type activities decreased \$204 thousand during the year. This decrease is the net loss incurred by our school food service operations during the 2025 fiscal year.

The following table shows the revenues and expenses of the Board for the current and prior fiscal years:

**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	\$ 2,042,137	\$ 1,852,481	\$ 333,135	\$ 315,146	\$ 2,375,272	\$ 2,167,627
Operating grants and contributions	76,304,227	73,394,041	5,233,269	5,236,545	81,537,496	78,630,586
Capital grants and contributions	178,275	215,992	-	-	178,275	215,992
General revenues:						
County appropriations	12,144,188	11,112,802	-	-	12,144,188	11,112,802
State appropriations	4,985,038	4,716,866	-	-	4,985,038	4,716,866
Other revenues	764,918	650,412	7,725	-	772,643	650,412
Total revenues	<u>96,418,783</u>	<u>91,942,594</u>	<u>5,574,129</u>	<u>5,551,691</u>	<u>101,992,912</u>	<u>97,494,285</u>
Expenses:						
Governmental activities:						
Instructional services	68,971,547	66,855,802	-	-	68,971,547	66,855,802
System-wide support services	17,650,588	16,846,168	-	-	17,650,588	16,846,168
Ancillary services	43,226	27,765	-	-	43,226	27,765
Payments to other governments	89,961	76,069	-	-	89,961	76,069
Interest on long-term debt	29,165	37,159	-	-	29,165	37,159
Unallocated depreciation	1,795,659	1,752,737	-	-	1,795,659	1,752,737
Business-type activities:						
School food service	-	-	5,833,622	6,162,606	5,833,622	6,162,606
Total expenses	<u>88,580,146</u>	<u>85,595,700</u>	<u>5,833,622</u>	<u>6,162,606</u>	<u>94,413,768</u>	<u>91,758,306</u>
Excess (deficiency) before transfers	7,838,637	6,346,894	(259,493)	(610,915)	7,579,144	5,735,979
Transfers in (out)	(55,316)	(65,281)	55,316	65,281	-	-
Increase (decrease) in net position	<u>7,783,321</u>	<u>6,281,613</u>	<u>(204,177)</u>	<u>(545,634)</u>	<u>7,579,144</u>	<u>5,735,979</u>
Beginning net position (deficit), as previously reported	(22,260,319)	(28,541,932)	(1,973,359)	(1,427,725)	(24,233,678)	(29,969,657)
Change in accounting principle (Note 5)	(10,235,506)	-	(385,206)	-	(10,620,712)	-
Beginning net position (deficit), as restated	<u>(32,495,825)</u>	<u>(28,541,932)</u>	<u>(2,358,565)</u>	<u>(1,427,725)</u>	<u>(34,854,390)</u>	<u>(29,969,657)</u>
Ending net position (deficit)	<u>\$ (24,712,504)</u>	<u>\$ (22,260,319)</u>	<u>\$ (2,562,742)</u>	<u>\$ (1,973,359)</u>	<u>\$ (27,275,246)</u>	<u>\$ (24,233,678)</u>

Total governmental activities generated revenues of \$96.4 million while expenses in this category totaled \$88.6 million for the year ended June 30, 2025, resulting in an increase in net position of \$7.8 million

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

(including transfers to business-type activities of \$55 thousand). Comparatively, revenues were \$91.9 million, expenses totaled \$85.6 million and transfers out were \$65 thousand for the year ended June 30, 2024, resulting in an increase in net position of \$6.3 million. In comparing the two years, revenues increased \$4.5 million, or 4.9%, while expenses increased by \$3.0 million, or 3.5%, over the prior year. Overall, both revenues and expenses were comparable over the two-year period.

The Board's primary sources of revenues were funding from the State of North Carolina, Richmond County, and the United States Government, which respectively comprised 62.3%, 12.6% and 19.9% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 77.9% of our total expenses during the most recent fiscal year. Of the remaining 22.1% of our total expenses, 19.9% was attributable to system-wide support services.

Our business-type activities generated revenues of \$5.6 million while expenses in this category totaled \$5.8 million for the year ended June 30, 2025. For the year, net position decreased by \$204 thousand (including transfers in of \$55 thousand). Comparatively, revenues were \$5.6 million and expenses were \$6.2 million for the year ended June 30, 2024, resulting in a decrease in net position of \$546 thousand (including transfers in of \$65 thousand). In comparing the two years, revenues increased slightly by \$22 thousand, or 0.4%, while expenses decreased \$329 thousand, or 5.3%. The change in revenues was largely due to a decline in federal reimbursements received. The increase in expenses was primarily due to a \$164 thousand year-over-year increase in pension and OPEB expenses due to changes in actuarial valuations and allocation percentages of those plans.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Richmond 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 \$5.3 million at June 30, 2025, a decrease of \$1.4 million from the amount reported at June 30, 2024. The Board's General Fund reported a decrease in fund balance for the year ended June 30, 2025 of \$1.2 million compared to a \$908 thousand decrease reported in 2024. As in 2024, during the 2025 year, the Board continued to be affected by rising inflation that has impacted the entire country. Increased costs, primarily for instructional and system-wide support services, were the primary factor contributing to the decline in fund balance in the General Fund.

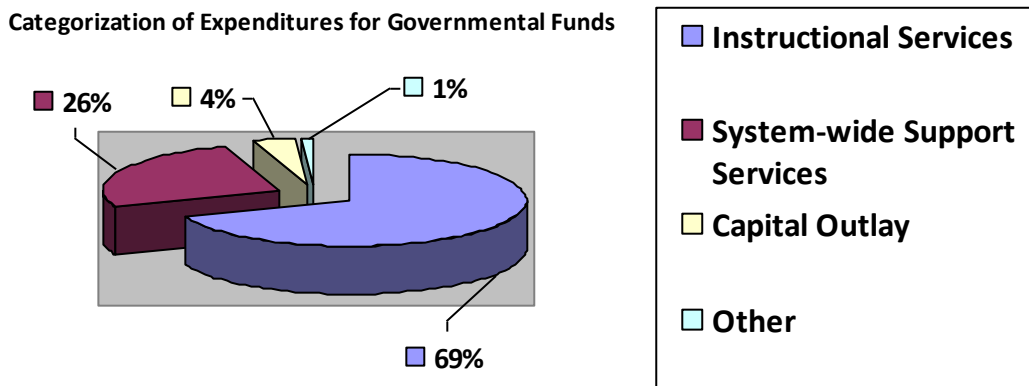
The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues are expended in the year received. Combined revenues (and expenditures) in the State Public School Fund and Federal Grants Fund were comparable to the prior year, increasing slightly by \$408 thousand, or 0.5%, for the fiscal year ended June 30, 2025.

The Restricted Revenue Fund reported fund balance of \$1.6 million at June 30, 2025, an increase for the year of \$364 thousand compared to a decrease in fund balance of \$1.5 million in the 2024 year. Increased revenue from Medicaid reimbursements was the primary factor contributing to the year-over-year increase in fund balance.

The Capital Outlay Fund reported fund balance of \$1.2 million at June 30, 2025, a \$699 thousand decrease for the year. The majority of the district's capital outlay funding comes from the County. Overall, revenues and expenditures were in line with expectations.

The Individual Schools Fund reported fund balance of \$834 thousand at June 30, 2025, an increase of \$138 thousand for the year. Overall, revenues and expenditures were comparable for 2024 and 2025.

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



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 \$204 thousand for the fiscal year ended June 30, 2025 compared to a decrease of \$546 thousand for the same 2024 period. See the section above titled *Financial Analysis of the Board as a Whole* for more discussion regarding School Food Service Fund operating results for the year.

General Fund Budgetary Highlights

Over the course of a year, the Board will revise the budget, as necessary, to account for changes in revenue expectations and program allocations. However, during the year ended June 30, 2025, no significant budget revisions were made in the General Fund as revenue and expenditure expectations remained consistent throughout the year.

Due to some State and federal revenue sources being uncertain at the start of the year, management budgeted \$1.6 million of fund balance in case it was needed to cover instructional or system-wide support service costs that could not be paid from State or federal funds. The district did not have to use all of this appropriated fund balance as State and federal sources were used to pay some of these budgeted expenditures. This resulted in the General Fund reporting a combined \$347 thousand positive budget variance for instructional and system-wide support services expenditures for the year.

Capital Assets

Total primary government capital assets were \$66.0 million at June 30, 2025 compared to \$55.1 million at June 30, 2024, an increase of \$10.9 million, or 19.8%. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements.

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

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2025 and 2024:

**Table 3
Summary of Capital Assets
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
Right to use asset	\$ 301,057	\$ 417,596	\$ -	\$ -	\$ 301,057	\$ 417,596
Land	611,273	611,273	-	-	611,273	611,273
Construction in progress	21,297,646	9,471,436	-	-	21,297,646	9,471,436
Buildings and improvements	39,093,518	40,637,856	-	-	39,093,518	40,637,856
Equipment and furniture	1,742,933	1,072,850	455,541	481,484	2,198,474	1,554,334
Vehicles	2,530,448	2,408,183	-	-	2,530,448	2,408,183
Total	<u>\$ 65,576,875</u>	<u>\$ 54,619,194</u>	<u>\$ 455,541</u>	<u>\$ 481,484</u>	<u>\$ 66,032,416</u>	<u>\$ 55,100,678</u>

Debt Outstanding

During the year, the Board's long-term installment purchase and lease liabilities debt increased by \$15 thousand to \$480 thousand at June 30, 2025. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 2 to the 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 Board's. The following economic factors must be considered when viewing the County's ability to provide the required level of funding:

- As of June 30, 2025, Richmond County experienced an unemployment rate of approximately 4.4% as compared to an unemployment rate of approximately 5.3% at June 30, 2024. Richmond County is comparable to the June 30, 2025 State of N.C. and national unemployment rates which were 4.0% and 4.4%, respectively.
- A primary element of the local economy, textiles, has experienced significant losses in recent years. The County administration along with the Richmond County Economic Development team and concerned citizens are actively cultivating new alternatives to offset the dwindling impact of textiles on the local economy. The County is anticipating improvements in industrial growth with the construction of new major highways in the area.

Requests for Information

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

Dawn Jordan, Finance Officer
Richmond County Board of Education
118 Vance Street
Hamlet, NC 28345

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 5,274,419	\$ 985,410	\$ 6,259,829
Due from other governments	2,240,491	103,836	2,344,327
Receivables	-	2,104	2,104
Inventories	-	187,340	187,340
Net OPEB asset	70,018	3,256	73,274
Capital assets:			
Right to use leased assets, net of amortization	301,057	-	301,057
Land and construction in progress	21,908,919	-	21,908,919
Other capital assets, net of depreciation	43,366,899	455,541	43,822,440
Total capital assets	65,576,875	455,541	66,032,416
 Total assets	 73,161,803	 1,737,487	 74,899,290
Deferred Outflows of Resources			
Pension and OPEB plans	42,609,788	1,981,178	44,590,966
Liabilities			
Accounts payable and accrued expenses	2,247,086	750	2,247,836
Unearned revenue	-	13,146	13,146
Long-term liabilities:			
Due within one year	6,493,390	263,005	6,756,395
Due in more than one year	119,349,456	5,428,229	124,777,685
 Total liabilities	 128,089,932	 5,705,130	 133,795,062
Deferred Inflows of Resources			
Pension and OPEB plans	12,394,163	576,277	12,970,440
Net position			
Net investment in capital assets	65,096,493	455,541	65,552,034
Restricted for:			
Stabilization by State statute	348,623	-	348,623
School capital outlay	1,231,223	-	1,231,223
Instructional services	1,200,410	-	1,200,410
Individual schools activities	809,208	-	809,208
DIPNC OPEB plan	104,722	4,869	109,591
Unrestricted (deficit)	(93,503,183)	(3,023,152)	(96,526,335)
 Total net position (deficit)	 \$ (24,712,504)	 \$ (2,562,742)	 \$ (27,275,246)

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

FUND FINANCIAL STATEMENTS

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

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 3,152,053	\$ -	\$ -	\$ 1,269,427	\$ 43,725	\$ 809,214	\$ 5,274,419
Due from other governments	6,171	-	188	317,485	1,916,647	-	2,240,491
Due from other funds	6	-	-	-	-	24,961	24,967
Total assets	<u>\$ 3,158,230</u>	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ 1,586,912</u>	<u>\$ 1,960,372</u>	<u>\$ 834,175</u>	<u>\$ 7,539,877</u>
Liabilities and Fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,517,749	\$ -	\$ 188	\$ -	\$ 729,149	\$ -	\$ 2,247,086
Due to other funds	24,961	-	-	-	-	6	24,967
Total liabilities	<u>1,542,710</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>729,149</u>	<u>6</u>	<u>2,272,053</u>
Fund balances:							
Restricted:							
Stabilization by State statute	6,177	-	-	317,485	-	24,961	348,623
School capital outlay	-	-	-	-	1,231,223	-	1,231,223
Instructional services	-	-	-	1,200,410	-	-	1,200,410
Individual schools	-	-	-	-	-	809,208	809,208
Assigned:							
Subsequent year's expenditures	1,000,000	-	-	-	-	-	1,000,000
Special revenues	-	-	-	69,017	-	-	69,017
Unassigned	609,343	-	-	-	-	-	609,343
Total fund balances	<u>1,615,520</u>	<u>-</u>	<u>-</u>	<u>1,586,912</u>	<u>1,231,223</u>	<u>834,169</u>	<u>5,267,824</u>
Total liabilities and fund balances	<u>\$ 3,158,230</u>	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ 1,586,912</u>	<u>\$ 1,960,372</u>	<u>\$ 834,175</u>	<u>\$ 7,539,877</u>

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

RICHMOND 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 balances of governmental funds	\$ 5,267,824
Net OPEB asset	70,018
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	65,576,875
Deferred outflows of resources related to pensions	17,277,334
Deferred outflows of resources related to OPEB	25,332,454
Some liabilities, including those for compensated absences, installment purchases and leases, are not due and payable in the current period and therefore are not reported in the funds.	(15,474,840)
Net pension liability	(36,176,059)
Net OPEB liability	(74,191,947)
Deferred inflows of resources related to pensions	(582,511)
Deferred inflows of resources related to OPEB	<u>(11,811,652)</u>
Net position (deficit) of governmental activities	<u>\$ (24,712,504)</u>

RICHMOND 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	Restricted Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 58,264,568	\$ -	\$ 1,797,989	\$ 178,275	\$ -	\$ 60,240,832
Richmond County:							
Local current expense	9,500,613	-	-	-	-	-	9,500,613
Other	-	-	-	-	2,643,575	-	2,643,575
U.S. Government	88,851	-	17,811,973	304,447	1,000,000	-	19,205,271
Other	720,546	-	-	2,420,020	56,792	1,868,776	5,066,134
Total revenues	<u>10,310,010</u>	<u>58,264,568</u>	<u>17,811,973</u>	<u>4,522,456</u>	<u>3,878,642</u>	<u>1,868,776</u>	<u>96,656,425</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	2,288,311	31,826,573	1,014,391	781,788	-	-	35,911,063
Special populations	81,270	7,220,536	1,860,734	923,724	-	-	10,086,264
Alternative programs	69,828	1,743,525	4,689,787	1,201,451	-	-	7,704,591
School leadership	455,626	4,940,443	-	-	-	-	5,396,069
Co-curricular	114,955	-	-	-	-	1,730,923	1,845,878
School-based support	417,770	5,572,183	312,884	150,000	-	-	6,452,837
System-wide support services:							
Support and development	881,040	586,909	-	(4,619)	-	-	1,463,330
Special population support and development	129,241	70,138	291,557	-	-	-	490,936
Alternative programs and services							
support and development	-	-	173,456	-	-	-	173,456
Technology support	-	142,221	26,007	-	-	-	168,228
Operational support	5,159,797	4,660,899	9,193,453	1,106,068	471,062	-	20,591,279
Financial and human resource services	1,156,279	629,860	-	-	-	-	1,786,139
Accountability	9,389	-	-	-	-	-	9,389
System-wide pupil support	802	-	-	-	-	-	802
Policy, leadership and public relations	670,481	686,158	1,357	-	-	-	1,357,996
Ancillary services	32,513	-	10,705	-	-	-	43,218
Non-programmed charges	89,961	-	237,642	-	-	-	327,603
Debt service:							
Principal retirement	-	110,958	-	-	178,275	-	289,233
Interest and fees	-	29,165	-	-	-	-	29,165
Capital outlay	-	-	-	-	4,232,926	-	4,232,926
Total expenditures	<u>11,557,263</u>	<u>58,219,568</u>	<u>17,811,973</u>	<u>4,158,412</u>	<u>4,882,263</u>	<u>1,730,923</u>	<u>98,360,402</u>
Excess (deficiency) of revenues over expenditures	<u>(1,247,253)</u>	<u>45,000</u>	<u>-</u>	<u>364,044</u>	<u>(1,003,621)</u>	<u>137,853</u>	<u>(1,703,977)</u>
Other financing sources (uses):							
Transfers to other funds	-	(45,000)	-	-	-	-	(45,000)
Proceeds from sale of capital assets	36,287	-	-	-	-	-	36,287
Installment purchase obligations issued	-	-	-	-	304,587	-	304,587
Total other financing sources (uses)	<u>36,287</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>304,587</u>	<u>-</u>	<u>295,874</u>
Net change in fund balance	(1,210,966)	-	-	364,044	(699,034)	137,853	(1,408,103)
Fund balances:							
Beginning of year	2,826,486	-	-	1,222,868	1,930,257	696,316	6,675,927
End of year	<u>\$ 1,615,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,586,912</u>	<u>\$ 1,231,223</u>	<u>\$ 834,169</u>	<u>\$ 5,267,824</u>

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

RICHMOND 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	\$ (1,408,103)
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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.	10,981,503
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	7,328,203
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities	3,107,612
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(36,287)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	22,572
Gain (loss) on disposal of capital assets	12,465
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(15,354)
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	(9,976,367)
Net OPEB (expense) benefit	(1,740,532)
Compensated absences	<u>(492,391)</u>
Total changes in net position of governmental activities	<u>\$ 7,783,321</u>

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

RICHMOND 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:				
Richmond County	\$ 9,500,613	\$ 9,500,613	\$ 9,500,613	\$ -
U.S. Government	100,000	100,000	88,851	(11,149)
Other	<u>703,650</u>	<u>703,650</u>	<u>720,546</u>	<u>16,896</u>
Total revenues	<u>10,304,263</u>	<u>10,304,263</u>	<u>10,310,010</u>	<u>5,747</u>
Expenditures:				
Current:				
Instructional services	3,347,857	3,603,560	3,427,760	175,800
System-wide support services	8,467,406	8,177,904	8,007,029	170,875
Ancillary services	9,000	32,838	32,513	325
Non-programmed charges	<u>80,000</u>	<u>89,961</u>	<u>89,961</u>	<u>-</u>
Total expenditures	<u>11,904,263</u>	<u>11,904,263</u>	<u>11,557,263</u>	<u>347,000</u>
Deficiency of revenues over expenditures	(1,600,000)	(1,600,000)	(1,247,253)	352,747
Other financing sources:				
Proceeds from sale of capital assets	-	-	36,287	36,287
Fund balance appropriated	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>(1,600,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,210,966)</u>	<u>\$ (1,210,966)</u>
Fund balances:				
Beginning of year			<u>2,826,486</u>	
End of year			<u>\$ 1,615,520</u>	

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

RICHMOND 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 (continued)

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 57,698,484	\$ 60,116,382	\$ 58,264,568	\$ (1,851,814)
Expenditures:				
Current:				
Instructional services	50,984,617	53,001,870	51,303,260	1,698,610
System-wide support services	6,668,867	6,929,389	6,776,185	153,204
Debt service:				
Principal retirement	-	110,958	110,958	-
Interest and fees	-	29,165	29,165	-
Total debt service	-	140,123	140,123	-
Total expenditures	57,653,484	60,071,382	58,219,568	1,851,814
Excess of revenues over expenditures	45,000	45,000	45,000	-
Other financing uses:				
Transfers to other funds	(45,000)	(45,000)	(45,000)	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
End of year			\$ -	

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

RICHMOND 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 (continued)

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
U.S. Government	\$ -	\$ 22,279,474	\$ 17,811,973	\$ (4,467,501)
Expenditures:				
Current:				
Instructional services	-	10,046,502	7,877,796	2,168,706
System-wide support services	-	11,532,306	9,685,830	1,846,476
Ancillary services	-	10,705	10,705	-
Non-programmed charges	-	689,961	237,642	452,319
Total expenditures	-	22,279,474	17,811,973	4,467,501
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
End of year			\$ -	

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

RICHMOND 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 (continued)

	Restricted Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 1,408,898	\$ 1,784,952	\$ 1,797,989	\$ 13,037
U.S. Government	-	304,447	304,447	-
Other	<u>469,530</u>	<u>2,244,295</u>	<u>2,420,020</u>	<u>175,725</u>
Total revenues	<u>1,878,428</u>	<u>4,333,694</u>	<u>4,522,456</u>	<u>188,762</u>
Expenditures:				
Current:				
Instructional services	2,345,592	3,913,030	3,056,963	856,067
System-wide support services	860,140	1,599,774	1,101,449	498,325
Non-programmed charges	<u>-</u>	<u>5,802</u>	<u>-</u>	<u>5,802</u>
Total expenditures	<u>3,205,732</u>	<u>5,518,606</u>	<u>4,158,412</u>	<u>1,360,194</u>
Excess (deficiency) of revenues over expenditures	(1,327,304)	(1,184,912)	364,044	1,548,956
Fund balance appropriated	<u>1,327,304</u>	<u>1,184,912</u>	<u>-</u>	<u>(1,184,912)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	364,044	<u>\$ 364,044</u>
Fund balances:				
Beginning of year			<u>1,222,868</u>	
End of year			<u>\$ 1,586,912</u>	

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

RICHMOND COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2025

Exhibit 7

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 985,410
Due from other governments	103,836
Receivables	2,104
Inventories	187,340
Total current assets	<u>1,278,690</u>
Noncurrent assets:	
Net OPEB asset	3,256
Capital assets:	
Furniture and office equipment, net	455,541
Total noncurrent assets	<u>458,797</u>
Total assets	<u>1,737,487</u>
Deferred Outflows of Resources	
Pension and OPEB plans	<u>1,981,178</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	750
Compensated absences	263,005
Unearned revenue	13,146
Total current liabilities	<u>276,901</u>
Noncurrent liabilities:	
Net pension liability	1,682,035
Net OPEB liability	3,449,615
Compensated absences	296,579
Total noncurrent liabilities	<u>5,428,229</u>
Total liabilities	<u>5,705,130</u>
Deferred Inflows of Resources	
Pension and OPEB plans	<u>576,277</u>
Net position	
Investment in capital assets	455,541
Restricted for DIPNC OPEB plan	4,869
Unrestricted (deficit)	<u>(3,023,152)</u>
Total net position (deficit)	<u>\$ (2,562,742)</u>

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

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

Exhibit 8

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Operating revenues:	
Food sales	\$ 333,135
Other	<u>7,725</u>
Total operating revenues	<u>340,860</u>
Operating expenses:	
Food cost:	
Purchase of food	1,741,258
Donated commodities	347,149
Salaries and benefits	3,362,523
Materials and supplies	178,476
Repairs and maintenance	24,265
Depreciation	104,522
Non-capitalized equipment	2,059
Contracted services	19,316
Other	<u>54,054</u>
Total operating expenses	<u>5,833,622</u>
Operating loss	<u>(5,492,762)</u>
Nonoperating revenues:	
Federal reimbursements	4,886,120
Federal commodities	<u>347,149</u>
Total nonoperating revenues	<u>5,233,269</u>
Loss before transfers and contributions	(259,493)
Transfers from other funds	45,000
Capital contributions	<u>10,316</u>
Change in net position	<u>(204,177)</u>
Net position (deficit), beginning, as previously reported	(1,973,359)
Change in accounting principle (Note 5)	<u>(385,206)</u>
Net position (deficit), beginning, as restated	<u>(2,358,565)</u>
Net position (deficit), ending	<u>\$ (2,562,742)</u>

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

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

Exhibit 9

	Enterprise Fund
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Cash flows from operating activities:	
Cash received from customers	\$ 331,055
Cash paid for goods and services	(2,013,948)
Cash paid to employees for services	(3,263,658)
Other	<u>7,725</u>
Net cash used by operating activities	<u>(4,938,826)</u>
Cash flows from noncapital financing activities:	
Federal and State reimbursements and grants	<u>4,894,470</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(68,263)</u>
Net decrease in cash and cash equivalents	(112,619)
Cash and cash equivalents, beginning of year	<u>1,098,029</u>
Cash and cash equivalents, end of year	<u>\$ 985,410</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (5,492,762)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	104,522
Donated commodities	347,149
Salaries paid by special revenue fund	45,000
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Increase in accounts receivable	(1,221)
Increase in net OPEB asset	(3,256)
Decrease in inventories	4,730
Increase in accounts payable and accrued liabilities	750
Decrease in unearned revenue	(859)
Decrease in net pension liability	(265,209)
Increase in net OPEB liability	752,625
Increase in deferred outflows	(82,441)
Decrease in deferred inflows	(343,636)
Decrease in compensated absences payable	<u>(4,218)</u>
Total adjustments	<u>553,936</u>
Net cash used by operating activities	<u>\$ (4,938,826)</u>

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

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

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$347,149 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 \$45,000 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

School Food Service capital assets with values of \$10,316 were purchased by the Federal Grants Fund during the year. The value of these assets is reflected as a capital contribution on Exhibit 8.

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

RICHMOND 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 Richmond 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 Richmond 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 Richmond 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. 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. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Interfund services provided and used are not eliminated in the process of consolidation.

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 required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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

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

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

Restricted Revenue Fund. The Restricted 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 Richmond 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 fundraising 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.

C. Measurement Focus and Basis of Accounting

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All

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

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 transfer amounts between functions and objects of expenditures within a fund without limitations and without a report to the Board of Education. The Superintendent may not transfer any amounts between funds or purpose codes nor from any contingency appropriation within a fund without prior approval from the Board of Education. All amendments must be approved by the Board of Education. 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 Net Position/Fund Balances

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. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. The NCCMT is reported at fair value. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

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

3. Inventories

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

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition

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

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 governmental 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, while for capital assets utilized in business-type activities, it is the policy of the Board to capitalize those assets costing more than \$500 with an estimated useful life of two or more years. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

	<u>Years</u>
Buildings and improvements	15 - 50
Equipment and furniture	3 - 10
Vehicles	6 - 12

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

The Board’s capital assets also include certain right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease. At year-end, right to use assets consisted of copier equipment being amortized over a five-year period.

5. Deferred outflows and inflows of resources

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

6. Long-term Obligations

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

7. Compensated Absences

The Board 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

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

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 for amounts owed to the district at year end [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.

Restricted for individual schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they were collected.

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. The Board of Education is authorized to approve appropriations of fund balance in accordance with restrictions established by N.C. General Statutes.

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

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

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 will be used for instructional services, system-wide support services, ancillary services or non-programmed charges, as determined by the Board of Education.

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

The Board does not have a formal revenue spending policy. However, it is the Board’s practice to use resources in the following hierarchy: debt proceeds, State funds, federal funds, local non-Board funds and Board funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

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 funds 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 \$(29,980,328) consists of the following elements:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 125,365,065
Less accumulated depreciation and amortization	<u>(59,788,190)</u>
Net capital assets	65,576,875
Net OPEB asset	70,018
Deferred outflows of resources related to pensions	17,277,334
Deferred outflows of resources related to OPEB	25,332,454
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(152,293)
Lease liabilities	(328,089)
Compensated absences	(14,994,458)
Net pension liability	(36,176,059)
Net OPEB liability	(74,191,947)
Deferred inflows of resources related to pensions	(582,511)
Deferred inflows of resources related to OPEB	<u>(11,811,652)</u>
Total adjustment	<u>\$ (29,980,328)</u>

RICHMOND 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 balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$9,191,424 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 13,406,717
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(2,425,214)
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	(304,587)
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	289,233
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	7,328,203
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	3,107,612
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(36,287)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	22,572
Gain on disposal of capital assets	12,465
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 funds	
Pension (expense) benefit	(9,976,367)
OPEB (expense) benefit	(1,740,532)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(492,391)
Total adjustment	<u>\$ 9,191,424</u>

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

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

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 \$4,178,813 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$4,631,925 and \$696,861, respectively. Of these balances, \$1,133,596 was covered by federal depository insurance and \$4,195,190 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 \$2,081,016 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 investment balances in the NCCMT as of June 30, 2025. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**RICHMOND 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 (to) other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ (24,955)	\$ 6,171	\$ -	\$ (18,784)
Other governmental activities	<u>24,955</u>	<u>2,234,320</u>	<u>-</u>	<u>2,259,275</u>
Total governmental activities	<u>\$ -</u>	<u>\$ 2,240,491</u>	<u>\$ -</u>	<u>\$ 2,240,491</u>
Business-type activities:				
School Food Service Fund	<u>\$ -</u>	<u>\$ 103,836</u>	<u>\$ 2,104</u>	<u>\$ 105,940</u>

Due from other governments consists of the following:

Governmental activities:			
General Fund	\$ 6,171	Federal grant funds	
Federal Grants Fund	188	Federal and State funds	
Restricted Revenue Fund	317,485	State and federal funds	
Capital Outlay Fund	<u>1,916,647</u>	Federal funds and amounts due from County	
Total governmental activities	<u>\$ 2,240,491</u>		
Business-type activities:			
School Food Service Fund	<u>\$ 103,836</u>	Federal grant funds	

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

4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets being amortized:				
Right to use asset - leased equipment	\$ 582,692	\$ -	\$ -	\$ 582,692
Less accumulated amortization for:				
Right to use asset - leased equipment	165,096	116,539	-	281,635
Capital assets being amortized, net	<u>417,596</u>			<u>301,057</u>
Capital assets not being depreciated:				
Land	611,273	-	-	611,273
Construction in progress	9,471,436	11,826,210	-	21,297,646
Total capital assets not being depreciated	<u>10,082,709</u>	<u>11,826,210</u>	<u>-</u>	<u>21,908,919</u>
Capital assets being depreciated:				
Buildings and improvements	85,671,691	-	-	85,671,691
Equipment and furniture	4,915,298	921,404	8,620	5,828,082
Vehicles	11,042,583	659,103	328,005	11,373,681
Total capital assets being depreciated	<u>101,629,572</u>	<u>1,580,507</u>	<u>336,625</u>	<u>102,873,454</u>
Less accumulated depreciation for:				
Buildings and improvements	45,033,835	1,544,338	-	46,578,173
Equipment and furniture	3,842,448	251,321	8,620	4,085,149
Vehicles	8,634,400	513,016	304,183	8,843,233
Total accumulated depreciation	<u>57,510,683</u>	<u>2,308,675</u>	<u>312,803</u>	<u>59,506,555</u>
Total capital assets being depreciated, net	<u>44,118,889</u>			<u>43,366,899</u>
Governmental activity capital assets, net	<u>\$ 54,619,194</u>			<u>\$ 65,576,875</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	\$ 2,039,007	\$ 78,579	\$ -	\$ 2,117,586
Less accumulated depreciation for:				
Equipment, furniture and vehicles	1,557,523	104,522	-	1,662,045
School Food Service capital assets, net	<u>\$ 481,484</u>			<u>\$ 455,541</u>

Amortization of \$116,539 was charged to regular instructional services. Depreciation was charged to governmental functions as follows:

System-wide support services	\$ 513,016
Unallocated depreciation	1,795,659
Total	<u>\$ 2,308,675</u>

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

5. Construction and Other Significant Commitments

As of June 30, 2025, the Board had a commitment with an architect and a contractor for several construction projects currently in progress in the district. At year-end, the Board's commitments with the architect and contractor for the remaining portion of the contracts related to these projects totaled approximately \$843 thousand.

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

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of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2025 was 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 \$7,668,934 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 include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

At June 30, 2025, the Board reported a liability of \$37,858,094 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 at June 30, 2023, the Board's proportion was 0.2555% and 0.2628%, respectively.

For the year ended June 30, 2025, the Board recognized pension expense of \$10,440,138. 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	\$ 3,411,672	\$ 111,913
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	6,242,620	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	757,433	497,682
Board contributions subsequent to the measurement date	<u>7,668,934</u>	<u>-</u>
Total	<u>\$ 18,080,659</u>	<u>\$ 609,595</u>

\$7,668,934 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	\$ 3,121,572
2027	7,510,232
2028	(161,447)
2029	<u>(668,227)</u>
Total	<u>\$ 9,802,130</u>

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:

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

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 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.

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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	\$ 69,446,476	\$ 37,858,094	\$ 11,808,844

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.

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

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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 \$3,192,725 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 \$23,621.

At June 30, 2025, the Board reported a liability of \$77,641,562 for its proportionate share of the RHBF net 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 0.2283% and 0.2275%, respectively.

\$3,192,725 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:

Year ended June 30:

2026	\$ (413,329)
2027	2,168,600
2028	5,487,914
2029	<u>3,677,235</u>
Total	<u>\$ 10,920,420</u>

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

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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	\$ 92,373,365	\$ 77,641,562	\$ 65,813,212

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:

	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	\$ 64,087,535	\$ 77,641,562	\$ 95,191,387

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

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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 \$59,378 for the year ended June 30, 2025.

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 \$73,274 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 0.2225% and 0.2299%, respectively.

\$59,378 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:

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Year ended June 30:

2026	\$	(28,051)
2027		(17,690)
2028		11,796
2029		6,981
2030		<u>3,903</u>
Total	\$	<u>(23,061)</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 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 (2.00 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 liability	\$ 65,336	\$ 73,274	\$ 81,617

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 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:

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	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense (benefit)	\$ 1,780,601	\$ 40,519	\$ 1,821,120
OPEB liability (asset)	\$ 77,641,562	\$ (73,274)	\$ 77,568,288
Proportionate share of the net OPEB liability / asset	0.22830%	0.22250%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 632,824	\$ 29,540	\$ 662,364
Changes of assumptions	18,699,258	1,093	18,700,351
Net difference between projected and actual earnings on plan investments	332,707	57,524	390,231
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,495,523	9,735	3,505,258
Board contributions subsequent to the measurement date	<u>3,192,725</u>	<u>59,378</u>	<u>3,252,103</u>
Total deferred outflows of resources	<u>\$ 26,353,037</u>	<u>\$ 157,270</u>	<u>\$ 26,510,307</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ -	\$ 84,280	\$ 84,280
Changes of assumptions	10,122,874	34,138	10,157,012
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>2,117,018</u>	<u>2,535</u>	<u>2,119,553</u>
Total deferred inflows of resources	<u>\$ 12,239,892</u>	<u>\$ 120,953</u>	<u>\$ 12,360,845</u>

2. Accounts Payable

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

	<u>Vendors and Other</u>
Governmental activities:	
General Fund	\$ 1,517,749
Other governmental activities	<u>729,337</u>
Total governmental activities	<u>\$ 2,247,086</u>

3. Unearned Revenues

The balance in unearned revenues in business-type activities at June 30, 2025 is composed of \$13,146 of prepayments of meals in the School Food Service Fund.

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4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,074,036	\$ 196,193
Changes of assumptions	18,700,351	10,157,012
Net difference between projected and actual earnings on pension and OPEB plan investments	6,632,851	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,262,691	2,617,235
Board contributions subsequent to the measurement date	<u>10,921,037</u>	<u>-</u>
Total	<u>\$ 44,590,966</u>	<u>\$ 12,970,440</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. Through commercial companies, the Board maintains general liability and errors and omissions insurance coverage of \$1 million per claim and an aggregate limit of \$2 million. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. Business property insurance is also purchased through commercial companies. The policy coverage insures the tangible property assets of the Board. Buildings and contents are insured on an agreed value basis. The Board carries additional flood insurance coverage of \$5 million purchased through commercial companies.

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 \$100,000.

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

6. Long-Term Obligations

a. Leases

The Board has entered into an agreement to lease certain equipment. The lease agreement qualifies as an other than short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The agreement was effective February 1, 2023, to lease copier machines and requires 60 monthly payments of \$11,676.94. There are no variable payment components of the lease. The lease liability is measured at an imputed

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discount rate of 7.50%. As a result of the lease, the Board has recorded a right to use asset with a net book value of \$301,057 on June 30, 2025. The right to use asset is discussed in more detail in Note 1. The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2025:

<u>Year Ending June 30:</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2026	\$ 119,571	\$ 20,552	\$ 140,123
2027	128,854	11,269	140,123
2028	79,664	2,075	81,739
Totals	<u>\$ 328,089</u>	<u>\$ 33,896</u>	<u>\$ 361,985</u>

b. 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 direct placement financing arrangements. The Board entered into such a financing contract for the purchase of school buses during the current fiscal year. The buses are pledged as collateral for the debt while the debt is outstanding. The original amount of the installment purchase contract outstanding at June 30, 2025 totaled \$304,587. 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 future minimum payments of the installment purchases as of June 30, 2025 are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities Principal</u>
2026	\$ 76,147
2027	76,146
Totals	<u>\$ 152,293</u>

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

c. 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:					
Direct placement installment purchases	\$ 25,981	\$ 304,587	\$ 178,275	\$ 152,293	\$ 76,147
Lease liabilities	439,047	-	110,958	328,089	119,571
Net pension liability	41,875,063	-	5,699,004	36,176,059	-
Net OPEB liability	57,998,193	16,193,754	-	74,191,947	-
Compensated absences	14,502,067	492,391	-	14,994,458	6,297,672
Total	\$ 114,840,351	\$ 16,990,732	\$ 5,988,237	\$ 125,842,846	\$ 6,493,390
Business-type activities:					
Net pension liability	\$ 1,947,244	\$ -	\$ 265,209	\$ 1,682,035	\$ -
Net OPEB liability	2,696,990	752,625	-	3,449,615	-
Compensated absences	563,802	-	4,218	559,584	263,005
Total	\$ 5,208,036	\$ 752,625	\$ 269,427	\$ 5,691,234	\$ 263,005

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 during the year ended June 30, 2025 consisted of \$45,000 transferred from the State Public School Fund to the School Food Service Fund for personnel costs.

During the year ended June 30, 2025, the Federal Grants Fund purchased capitalized equipment for the School Food Service Fund totaling \$10,316. This amount is presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

2. Interfund Balances

The composition of interfund balances as of June 30, 2025 consisted of \$24,961 payable from the General Fund to the Individual Schools Fund for STIF deposits held and \$6 payable from the Individual Schools Fund to the General Fund for P-card charges. These balances are expected to be paid by June 30, 2026.

**RICHMOND 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	\$ 65,576,875
Less:	
Installment purchase obligations for school buses	(152,293)
Lease liabilities	<u>(328,089)</u>
Net investment in capital assets, governmental activities	<u>\$ 65,096,493</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 at June 30, 2025:

Total fund balance - General Fund	\$ 1,615,520
Less:	
Stabilization by State statute	(6,177)
Appropriated fund balance in 2025-2026 budget	<u>(1,000,000)</u>
Fund balance available for appropriation	<u>\$ 609,343</u>

NOTE 3 – RESTRICTED REVENUE FUND – OTHER REVENUES

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

Medicaid reimbursement program	\$ 1,749,583
Indirect costs allocated	96,657
Other	<u>573,780</u>
Total other revenues	<u>\$ 2,420,020</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

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

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	\$ (1,973,359)	\$ (22,260,319)	\$ (1,973,359)
Change in accounting principle	<u>(385,206)</u>	<u>(10,235,506)</u>	<u>(385,206)</u>
June 30, 2024 net position (deficit), as restated	<u>\$ (2,358,565)</u>	<u>\$ (32,495,825)</u>	<u>\$ (2,358,565)</u>

NOTE 6 – SUBSEQUENT EVENTS

The Board has evaluated subsequent events through December 11, 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

**RICHMOND 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	0.256%	0.263%	0.250%	0.240%	0.250%
Board's proportionate share of the net pension liability	\$ 37,858,094	\$ 43,822,307	\$ 37,035,836	\$ 11,251,822	\$ 30,252,112
Board's covered payroll	\$ 46,383,239	\$ 44,595,863	\$ 41,470,897	\$ 38,574,465	\$ 39,318,843
Board's proportionate share of the net pension liability as a percentage of its covered payroll	81.62%	98.27%	89.31%	29.17%	76.94%
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	0.259%	0.263%	0.269%	0.275%	0.270%
Board's proportionate share of the net pension liability	\$ 26,881,520	\$ 26,135,729	\$ 21,305,561	\$ 25,241,334	\$ 9,964,775
Board's covered payroll	\$ 41,170,586	\$ 38,129,824	\$ 38,072,480	\$ 35,175,224	\$ 37,313,093
Board's proportionate share of the net pension liability as a percentage of its covered payroll	65.29%	68.54%	55.96%	71.76%	26.71%
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.

**RICHMOND 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	\$ 7,668,934	\$ 8,177,365	\$ 7,750,761	\$ 6,792,933	\$ 5,701,306
Contributions in relation to the contractually required contribution	<u>7,668,934</u>	<u>8,177,365</u>	<u>7,750,761</u>	<u>6,792,933</u>	<u>5,701,306</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 45,675,605	\$ 46,383,239	\$ 44,595,863	\$ 41,470,897	\$ 38,574,465
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	\$ 5,099,654	\$ 5,059,865	\$ 4,110,395	\$ 3,799,634	\$ 3,218,533
Contributions in relation to the contractually required contribution	<u>5,099,654</u>	<u>5,059,865</u>	<u>4,110,395</u>	<u>3,799,634</u>	<u>3,218,533</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 39,318,843	\$ 41,170,586	\$ 38,129,824	\$ 38,072,480	\$ 35,175,224
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%

**RICHMOND 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	0.228%	0.228%	0.215%	0.208%	0.221%
Board's proportionate share of the net OPEB liability	\$ 77,641,562	\$ 60,634,036	\$ 51,114,984	\$ 64,411,115	\$ 61,364,257
Board's covered payroll	\$ 46,383,239	\$ 44,595,863	\$ 41,470,897	\$ 38,574,465	\$ 39,318,843
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	167.39%	135.96%	123.26%	155.32%	156.07%
Plan fiduciary net position as a percentage of the total OPEB liability	9.79%	10.73%	10.58%	7.72%	6.92%
	2020	2019	2018	2017	
Board's proportion of the net OPEB liability	0.228%	0.234%	0.242%	0.238%	
Board's proportionate share of the net OPEB liability	\$ 72,121,857	\$ 66,705,494	\$ 79,378,771	\$ 103,609,585	
Board's covered payroll	\$ 41,170,586	\$ 38,129,824	\$ 38,072,480	\$ 35,175,224	
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	175.18%	174.94%	208.49%	294.55%	
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%	

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

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

**RICHMOND 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	\$ 3,192,725	\$ 3,311,763	\$ 3,072,655	\$ 2,608,520	\$ 2,576,774
Contributions in relation to the contractually required contribution	<u>3,192,725</u>	<u>3,311,763</u>	<u>3,072,655</u>	<u>2,608,520</u>	<u>2,576,774</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 45,675,605	\$ 46,383,239	\$ 44,595,863	\$ 41,470,897	\$ 38,574,465
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	\$ 2,543,929	\$ 2,581,396	\$ 2,306,854	\$ 2,202,889	\$ 2,063,968
Contributions in relation to the contractually required contribution	<u>2,543,929</u>	<u>2,581,396</u>	<u>2,306,854</u>	<u>2,202,889</u>	<u>2,063,968</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 39,318,843	\$ 41,170,586	\$ 38,129,824	\$ 38,072,480	\$ 35,175,224
Contributions as a percentage of covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%

**RICHMOND 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	0.223%	0.230%	0.218%	0.211%	0.219%
Board's proportionate share of the net OPEB liability (asset)	\$ (73,274)	\$ 61,147	\$ 64,949	\$ (34,470)	\$ (107,755)
Board's covered payroll	\$ 46,383,239	\$ 44,595,863	\$ 41,470,897	\$ 38,574,465	\$ 39,318,843
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.16%	0.14%	0.16%	0.08%	0.27%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	114.99%	90.61%	90.34%	105.18%	115.57%

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	2020	2019	2018	2017
Board's proportion of the net OPEB liability/asset	0.231%	0.233%	0.238%	0.246%
Board's proportionate share of the net OPEB liability (asset)	\$ (99,763)	\$ (70,791)	\$ (145,184)	\$ (152,716)
Board's covered payroll	\$ 41,170,586	\$ 38,129,824	\$ 38,072,480	\$ 35,175,224
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.24%	0.19%	0.38%	0.43%
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.

**RICHMOND 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	\$ 59,378	\$ 51,022	\$ 44,596	\$ 37,324	\$ 34,717
Contributions in relation to the contractually required contribution	<u>59,378</u>	<u>51,022</u>	<u>44,596</u>	<u>37,324</u>	<u>34,717</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 45,675,605	\$ 46,383,239	\$ 44,595,863	\$ 41,470,897	\$ 38,574,465
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	\$ 39,319	\$ 57,639	\$ 53,382	\$ 144,079	\$ 151,112
Contributions in relation to the contractually required contribution	<u>39,319</u>	<u>57,639</u>	<u>53,382</u>	<u>144,079</u>	<u>151,112</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 39,318,843	\$ 41,170,586	\$ 38,129,824	\$ 38,072,480	\$ 35,175,224
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%

INDIVIDUAL FUND BUDGETARY SCHEDULES

RICHMOND 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

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Richmond County:			
County appropriation	\$ 9,500,613	\$ 9,500,613	\$ -
U.S. Government:			
ROTC	100,000	88,851	(11,149)
Other:			
Fines and forfeitures	110,000	126,525	16,525
Interest earned on investment	60,000	110,778	50,778
Indirect costs allocated	276,700	168,065	(108,635)
Rental of school property	750	560	(190)
Refunds and reimbursements	255,000	274,702	19,702
Miscellaneous	1,200	39,916	38,716
Total other	<u>703,650</u>	<u>720,546</u>	<u>16,896</u>
Total revenues	<u>10,304,263</u>	<u>10,310,010</u>	<u>5,747</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		2,288,311	
Special populations		81,270	
Alternative programs		69,828	
School leadership		455,626	
Co-curricular		114,955	
School-based support		417,770	
Total instructional services	<u>3,603,560</u>	<u>3,427,760</u>	<u>175,800</u>
System-wide support services:			
Support and development		881,040	
Special population support and development		129,241	
Operational support		5,159,797	
Financial and human resource services		1,156,279	
Accountability		9,389	
System-wide pupil support		802	
Policy, leadership and public relations		670,481	
Total system-wide support services	<u>8,177,904</u>	<u>8,007,029</u>	<u>170,875</u>

RICHMOND 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)			
Current:			
Ancillary services:			
Community		8,675	
Nutrition		23,838	
Total ancillary services	<u>32,838</u>	<u>32,513</u>	<u>325</u>
Non-programmed charges:			
Payments to other governments	<u>89,961</u>	<u>89,961</u>	<u>-</u>
Total expenditures	<u>11,904,263</u>	<u>11,557,263</u>	<u>347,000</u>
Deficiency of revenues over expenditures	(1,600,000)	(1,247,253)	352,747
Other financing sources:			
Proceeds from sale of capital assets	-	36,287	36,287
Fund balance appropriated	<u>1,600,000</u>	<u>-</u>	<u>(1,600,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,210,966)</u>	<u>\$ (1,210,966)</u>
Fund balance:			
Beginning of year		<u>2,826,486</u>	
End of year		<u>\$ 1,615,520</u>	

RICHMOND 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

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State Buses Appropriation	\$ 178,278	\$ 178,275	\$ (3)
Public School Capital Fund - Lottery	326,223	-	(326,223)
Public School Building Capital Fund	393,255	-	(393,255)
Total State of North Carolina	<u>897,756</u>	<u>178,275</u>	<u>(719,481)</u>
U.S. Government:			
ESSER III - K-12 Emergency Relief Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Richmond County:			
Restricted portion of sales tax	2,316,500	2,220,075	(96,425)
General county revenues	423,500	423,500	-
Total Richmond County	<u>2,740,000</u>	<u>2,643,575</u>	<u>(96,425)</u>
Other:			
Interest earned on investments	-	41,256	41,256
Miscellaneous	-	15,536	15,536
Total other	<u>-</u>	<u>56,792</u>	<u>56,792</u>
Total revenues	<u>4,637,756</u>	<u>3,878,642</u>	<u>(759,114)</u>
Expenditures:			
Current:			
System-wide support services:			
Operational support		471,062	
Total system-wide support services	<u>512,587</u>	<u>471,062</u>	<u>41,525</u>
Debt service:			
Principal retirement	<u>178,278</u>	<u>178,275</u>	<u>3</u>
Capital outlay	<u>5,251,478</u>	<u>4,232,926</u>	<u>1,018,552</u>
Total expenditures	<u>5,942,343</u>	<u>4,882,263</u>	<u>1,060,080</u>
Deficiency of revenues over expenditures	(1,304,587)	(1,003,621)	300,966
Other financing sources:			
Installment purchase obligations issued	304,587	304,587	-
Fund balance appropriated	<u>1,000,000</u>	-	<u>(1,000,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(699,034)</u>	<u>\$ (699,034)</u>
Fund balance:			
Beginning of year		<u>1,930,257</u>	
End of year		<u>\$ 1,231,223</u>	

RICHMOND 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	\$ 456,600	\$ 333,135	\$ (123,465)
Other	11,212	7,725	(3,487)
Total operating revenues	<u>467,812</u>	<u>340,860</u>	<u>(126,952)</u>
Operating expenditures:			
Business support services:			
Purchase of food		1,736,528	
Donated commodities		347,149	
Salaries and benefits		3,308,658	
Materials and supplies		178,476	
Repairs and maintenance		24,265	
Non-capitalized equipment		2,059	
Contracted services		19,316	
Other		54,054	
Capital outlay		68,263	
Total operating expenditures	<u>6,455,681</u>	<u>5,738,768</u>	<u>716,913</u>
Operating loss	<u>(5,987,869)</u>	<u>(5,397,908)</u>	<u>589,961</u>
Nonoperating revenues:			
Federal reimbursements and grants	5,245,869	4,886,120	(359,749)
Federal commodities	297,000	347,149	50,149
Total nonoperating revenues	<u>5,542,869</u>	<u>5,233,269</u>	<u>(309,600)</u>
Deficiency of revenues over expenditures	(445,000)	(164,639)	280,361
Other financing sources:			
Transfers from other funds	45,000	45,000	-
Fund balance appropriated	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(119,639)</u>	<u>\$ (119,639)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(104,522)	
Net OPEB asset		3,256	
Net pension liability		265,209	
Net OPEB liability		(752,625)	
Deferred outflows - pension and OPEB		82,441	
Deferred inflows - pension and OPEB		343,636	
Capital contributions		10,316	
Equipment purchases		68,263	
Decrease in compensated absences payable		4,218	
Decrease in inventories		(4,730)	
Change in net position (full accrual)		<u>\$ (204,177)</u>	

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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*

To the Richmond County Board of Education
Hamlet, 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 and each major fund of Richmond 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 Richmond County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated December 11, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Richmond 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 11, 2025
Rockingham, North Carolina*



INDEPENDENT AUDITOR'S 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 Richmond County Board of Education
Hamlet, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Richmond 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 Richmond 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 Richmond 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 Richmond 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 provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Richmond 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 Richmond 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 Richmond 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 Richmond 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 Richmond 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 Richmond 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 Richmond 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 11, 2025
Rockingham, North Carolina



INDEPENDENT AUDITOR'S 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 Richmond County Board of Education
Hamlet, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Richmond County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2025. The Richmond 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 Richmond 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) 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 Richmond 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 provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Richmond 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 Richmond 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 Richmond 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 Richmond 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 Richmond 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 Richmond 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 Richmond 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 11, 2025
Rockingham, North Carolina

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? *No*

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster
84.010	Title I, Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Grants to States - IDEA, part B (611)
84.027	Special Needs Targeted Assistance
84.173	Preschool Grants - IDEA, Part B (619)
84.173	Preschool Targeted Assistance

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 750,000*

Auditee qualified as low-risk auditee? *Yes*

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

State Awards

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Identified for Reporting

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major State programs:

Program Name

State Public School Fund
N.C. Pre-Kindergarten Program

Dollar threshold used to distinguish between Major State Programs \$ 500,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

***RICHMOND 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.

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

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>AL</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>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	\$ 347,149
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	1,434,694
National School Lunch Program	10.555	PRC 035	3,401,604
After School Snack Program	10.555	PRC 035	8,665
Summer Food Service Program for Children	10.559	PRC 035	41,157
Child Nutrition Discretionary Funds	10.579	PRC 053	10,316
Cash Assistance Subtotal			<u>4,896,436</u>
Total Child Nutrition Cluster			<u>5,243,585</u>
Total U.S. Department of Agriculture			<u>5,243,585</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050, 115	4,198,178
Supporting Effective Instruction State Grant	84.367	PRC 103	439,246
Language Acquisition Grant	84.365	PRC 104, 111	48,556
Education for Homeless Children and Youth	84.196	PRC 026	57,097
Student Support and Academic Enrichment Program	84.424	PRC 108, 145	698,067
Rural and Low Income Schools	84.358	PRC 109	208,968
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	1,927,093
Special Needs Targeted Assistance	84.027	PRC 118	6,335
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	68,441
Preschool Targeted Assistance	84.173	PRC 119	3,123
Total Special Education Cluster			<u>2,004,992</u>
Special Education - State Personnel Development	84.323	PRC 082	<u>7,662</u>
Career and Technical Education - Basic Grants to States			
Program Development	84.048	PRC 017	<u>179,845</u>

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

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
COVID-19 - Education Stabilization Fund:			
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	11,223,040
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	3,182
COVID-19 - ESSER III - NBPTS Cert. Fee Reimb. Program	84.425U	PRC 198	1,078
COVID-19 - ESSER III - Educational and Competitie After-School Robotics Grant Program	84.425U	PRC 201	36,193
Total COVID-19 - Education Stabilization Fund	84.425		<u>11,263,493</u>
Total U.S. Department of Education			<u>19,106,104</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>88,851</u>
Total Federal Assistance			<u>24,438,540</u>
State Grants:			
<u>N.C. Department of Public Instruction</u>			
Cash Assistance:			
State Public School Fund		Various	55,208,847
Career and Technical Education:			
State Months of Employment		PRC 013	2,678,192
Program Support Funds		PRC 014	172,878
Driver Training		PRC 012	127,939
School Technology Fund		PRC 015	<u>76,712</u>
Cash assistance subtotal			<u>58,264,568</u>
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	<u>178,275</u>
Total N.C. Department of Public Instruction			<u>58,442,843</u>

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

<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 Health and Human Services</u>			
Division of Child Development:			
Smart Start		PRC 409	122,000
N.C. Pre-Kindergarten Program		PRC 413	1,085,408
School Nurse Funding Initiative		PRC 615	<u>150,000</u>
Total N.C. Department of Health and Human Services			<u>1,357,408</u>
<u>N.C. Department of Information Technology</u>			
Digital Champion Grant Program			<u>400,000</u>
<u>N.C. Department of Natural and Cultural Resources</u>			
Passed-through the N.C. Arts Council:			
Arts in Education			<u>40,581</u>
Total State Assistance			<u>60,240,832</u>
Total Federal and State Assistance			<u>\$ 84,679,372</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 Richmond 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 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Richmond County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Richmond County 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.

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