

Montgomery County Board of Education

Troy, North Carolina

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Montgomery County Board of Education
Troy, North Carolina

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2025

Prepared by
Michelle H. Brady
and the
Finance Department

MONTGOMERY COUNTY BOARD OF EDUCATION
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Introductory Section

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December 29, 2025

Members of the Montgomery County Board of Education and Citizens of Montgomery County, North Carolina:

In compliance with the Public School Laws of North Carolina, the Annual Comprehensive Financial Report of the Montgomery County Board of Education, operating as "Montgomery County Schools", for the fiscal year ended June 30, 2025, is herewith submitted. Responsibility for accuracy, completeness, and clarity of the report rests with the Superintendent and Chief Financial Officer.

This report was prepared by the Finance Department in accordance with the requirements and guidelines promulgated by the Governmental Accounting Standards Board. We believe the data is accurate in all material respects and is presented in a manner designed to reflect fairly the financial position and results of operations of the Board. Disclosures necessary to enable the reader to gain maximum understanding of the Board's financial activity have been included.

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

REPORTING ENTITY

The Montgomery County Board of Education (Board) is the level of government having oversight responsibility and control over activities related to public school education in Montgomery County, North Carolina. For the 2024-2025 fiscal year, the school system served approximately 3,400 students from kindergarten through 12th grade in 6 elementary schools, 2 middle schools, 1 high school, 1 alternative school, and 1 early college. The school system provides general, special and vocational education services. The school system receives local, State, and federal government funding and must comply with the legal requirements of each funding source entity. While the Board does receive county funding, the county is not entitled to share in any surplus nor is it required to finance any deficits. The Board, whose members are elected by the citizens of Montgomery County, has the authority to designate management, make binding decisions, and significantly influence operations. However, the Board has no tax levying or borrowing authority and is required to maintain accounting records in a uniform State format. The Board has final approval over the budget and primary accountability for fiscal matters. Accordingly, the Montgomery County Board of Education is not included in any other reporting entity.

ECONOMIC CONDITION AND OUTLOOK

Montgomery County has not experienced economic growth in the past several years and is not anticipating growth in the near future. Montgomery County is moving in the direction of developing economic and community revitalization. The county is also focusing on travel and tourism development. Montgomery County is surrounded by the Uwharrie Mountains, national forest and lakes. These areas are statewide attractions and the county's largest asset. Montgomery County is known as a great place to hunt, fish, hike and bike. Water sports are also a big attraction. Much effort is put forth each year in planning for the

Uwharrie Mountain Festival which is held in the fall; many people come for the festival and discover all the natural resources the county has to offer.

Despite the economic issues facing Montgomery County, the Board of County Commissioners has maintained consistent local funding for the school system over the past ten years. Local County appropriations have increased approximately 22% over the past five years. However, due to the decline in the Board's student population, as well as rising healthcare, retirement, and other costs, the Board has had to reduce the number of teachers in the school system over the same period. This decrease in staffing has required internal restructuring within the school system in order to continue providing a high level of service to the students.

Over the past ten years, the Board has experienced a decline in student enrollment of approximately 13%. The Board expects student enrollment to level off and remain consistent over the next several years.

During 2016, the Board of Education along with the County Commissioners approved the construction of a new high school, Montgomery Central, to replace East and West Montgomery High Schools and combine them into one. This also includes a CTE Center that will partner with Montgomery Community College, located adjacent to the new facilities. The county secured $70 million of funding from a USDA Rural Development loan to fund the project. Montgomery Central High School opened at the beginning of the 2020-2021 school year. Our middle schools were built in 1990 and have recently been reroofed. They are considered to be in overall good condition.

MAJOR INITIATIVES

The focus of the school system for the next several years will primarily be in the following areas:

- Promote the ideal of success for all students.
- Promote a child-centered culture of health, rigor, and high expectations.
- Promote the importance of graduation and improve the graduation rate.
- Promote family engagement at all school locations.
- Promote distance learning and college opportunities for students.
- Promote understanding of the demands of the 21st century.
- Promote student engagement and improve student achievement.
- Promote the technology that is available and increase technology and its integration in instruction.
- Promote effectiveness and efficiency of operations to maximize available resources.
- Promote career ready students through our CTE curriculum.

The record of accomplishments for the Montgomery County Board of Education continued in fiscal year 2024-2025. Some of these accomplishments include:

- Montgomery Learning Academy (MLA) has been successful in reducing the dropout rate. The alternative school has provided the opportunity of flexible scheduling for students to graduate who otherwise would have dropped out of school. The dropout rate was 5.6% for 2024, which is below the 2024 State average of 12.3%

- In response to the need for providing a diploma track for handicapped children who would never meet standard graduation requirements without intense supports in place, the Board of Education has continued to implement an occupational diploma, which clearly delineates skills and credits attained by children with major handicapping conditions. This has helped with their placement in the workplace after graduation.

- Over the past few years, Montgomery County Schools has focused heavily on Career and College Readiness, aligned to the development of transferable industry skills. The local Board of Education adopted strategic goals that align with this focus by setting a goal that all graduates obtain a minimum of two college credits while in high school. The latest data reflects that 73.9% of MCS

graduates earned one college credit while 69.6% earned at least two credits. MCS saw 56 graduates in the 2025 class earned an associate's degree while enrolled in high school, 151 students earned Career Pathway certificates, and 372 students completed industry recognized credential requirements in career-based coursework. Students also participate in Career and Technical Education courses through high school and middle school programming. In Montgomery County Schools, 84.2% of all grades 6 through grade 12 participate in CTE programming. All programs align from middle school through community college and are concentrated on the local needs of Montgomery County industry.

FINANCIAL AND BUDGETARY CONTROLS

The cost of public school education in North Carolina is financed primarily by the State, which establishes minimum programs. Local funds supplement the basic program and are appropriated by the local board of county commissioners. Local boards of education have no tax levying or borrowing authority and are required to maintain accounting records in a uniform State format.

Monthly reports on transactions of State and federal funds and details of disbursements from State funds are submitted to the North Carolina Department of Public Instruction for review. Interim financial reports are presented quarterly to the Board of Education.

Financial activities throughout the year are controlled in accordance with the North Carolina School Budget and Fiscal Control Act, which requires a pre-audit procedure to ensure availability of funds prior to the issuance of purchase orders or payment of claims. Outstanding purchase orders at the end of the fiscal year related to normal operations are cancelled and renewed in the following fiscal year.

Internal accounting controls are given consideration in developing and improving the Board's accounting system. Internal controls are designed to provide reliability of financial records for preparing financial statements and maintaining accountability for assets. The cost of a control should not exceed the benefits derived, therefore, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

INDEPENDENT AUDIT

Anderson Smith & Wike PLLC, independent certified public accountants, whose opinion is expressed on page one, have audited the financial statements. The Montgomery County Board of Education complies with the requirements of the Single Audit Act for which separate reports are issued.

FINANCIAL REPORTING AWARD

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Montgomery County Schools for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This award is a national program that provides unique professional recognition in the preparation and issuance of ACFRs by school systems.

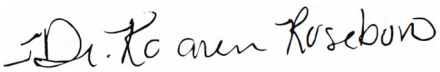
In order to be awarded this certificate a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the ASBO requirements and we are submitting it to ASBO to determine its eligibility for a continued award.

ACKNOWLEDGMENTS

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

We would also like to express appreciation to the members of The Board of Education for their support in planning and conducting the financial affairs of the school system in a responsible and professional manner.

Respectfully submitted,



Dr. Karen Roseboro
Superintendent



Michelle H. Brady
Interim Chief Financial Officer

Montgomery County Board of Education
Troy, North Carolina

July 1, 2024 - June 30, 2025

Board Members

Anne Evans, *Chairman*
Lynn Epps, *Vice Chairman*

Tommy Blake
Bryan Dozier
Angela Smith
Isai Robledo
Cindy Taylor

Principal Officers

Dr. Karen Roseboro, *Superintendent*
Dr. Jack Cagle, *Associate Superintendent*
Wade Auman, *Deputy Superintendent for Learning*
Dr. Emily Shaw, *Assistant Superintendent for Human Resources*
Matthew Woodward, *Assistant Superintendent for Operations*

MONTGOMERY COUNTY SCHOOLS ADMINISTRATIVE ORGANIZATIONAL CHART JANUARY 2025

Montgomery County Schools will graduate life-ready, globally competitive students who are leaders in their community, who value diversity and who are College and Career Ready.

Board of Education
Clerk to the Board of Education
Cindy Davis

Interim Superintendent
Wade Auman
Administrative Assistant
Cindy Davis

Deputy Superintendent for Learning
Wade Auman
Administrative Assistant
Brooke Howell

Director of Elementary Education/Curriculum Support
Dr. Joanna Perkins

Director of Secondary Education/CTE Program
Matthew Swain

Director of Early Childhood Education Programs
Vance Thomas

TSL Grant Director
Jessica Lowder

Chief Financial Officer
Mitch Taylor

Assistant Finance Officer
Sharon Baldwin
Payroll/Benefits
Michelle Brady
Acct Payable
Donna Morris
AR/Federal Prog
Cheryl Kime
Medicaid Billing
Sarah Wright

Director of Career and College Readiness
Angela Rice-Tucker

Director of Exceptional Children
Sarah Wright

EC Coordinator
Sabrina Dunn

Assistant Superintendent for Human Resources
Dr. Emily Shaw

Administrative Assistants
Crystal Douglas
Felicia Ward
Brooke Howell

Marketing Liaison-Central Office
Madison Lynthacum

Beginning Teacher Coordinator
Jordan Hamilton

Behavior Specialists
Kenston Scott

Associate Superintendent of Administrative Services
Dr. Jack Cagle

Administrative Assistant
Tasha Medley

Director of Accountability and Quality
Amanda Deaton

Testing & Student Information System Coordinator
A.J. Whitesell

Receptionist
Shaina White

Nurses
Tina Luther
Amber Taylor
Jessica Muse
Marsha Chambers
Erica Poole

Principals
Enoc Robledo
Emily Dunn
JaMese Black
Jon LaChance
Janet Deaton
Jessalyn Spell
Marvin Smith
Adam Matthews
Rufus Samkin
Dr. Heather Seawell
Dr. Amy Reynolds

School Staff

Director of Technology
Brian Helms

Assistant Director of Technology
Matt DeBerrry

Technicians

Assistant Superintendent for Operations
Matthew Woodard

Executive Director for Maintenance & Facility Services
Bill Mingin

Director of Child Nutrition
Donnie Lynthacum

Administrative Assistant
Andrea Vuncannon

Director of Transportation
Zach Shea

Assistant Director of Transportation
Shannon Robinson

Administrative Asst.
Ashley Gardner

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Montgomery County Board of Education

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director



Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Montgomery County Board of Education
Troy, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montgomery 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 Montgomery County Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montgomery 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, Other Special Revenue and Federal Grants 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 Montgomery 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 Montgomery 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 Montgomery 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 Montgomery 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 48 through 53, 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 Montgomery County Board of Education's basic financial statements. The accompanying individual nonmajor fund schedule and budgetary schedules 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 nonmajor fund schedule and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, on our consideration of the Mongomery 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 Montgomery 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 Montgomery County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

December 8, 2025
Rockingham, North Carolina

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

Financial Highlights

- As discussed in Note 5 to the financial statements, effective July 1, 2024, the Board implemented accounting and financial reporting requirements of GASB Statement 101, Compensated Absences. The statement required the Board to begin recording liabilities for employee sick leave balances that are more likely than not to be used. As a result of implementation of this statement, the Board's governmental and business-type activities net position, as previously reported at June 30, 2024, was reduced by $5.2 million and $223 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) decreased by $229 thousand. Governmental activities net position decreased by $50 thousand and business-type activities net position decreased by $179 thousand.
- Total governmental activities restricted net position decreased by $92 thousand from the prior year.

Overview of the Financial Statements

The audited financial statements of the Montgomery 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 and other 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 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.

Montgomery 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 Other Special Revenue Fund and the Federal Grants Fund.

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

Proprietary 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 Montgomery 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 $13.0 million at June 30, 2025 as compared to $7.3 million as of June 30, 2024. As previously discussed, this change is largely due 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 $5.5 million.

The following table 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 Acitivities		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	$ 6,673,828	$ 7,917,639	$ 1,109,726	$ 1,398,073	$ 7,783,554	$ 9,315,712
Capital assets	31,396,826	31,103,881	70,695	74,644	31,467,521	31,178,525
Total assets	38,070,654	39,021,520	1,180,421	1,472,717	39,251,075	40,494,237
Deferred outflows of resources	21,078,372	19,345,441	838,975	785,994	21,917,347	20,131,435
Current liabilities	3,860,692	1,680,727	147,702	52,837	4,008,394	1,733,564
Long-term liabilities	60,989,255	52,213,764	2,396,069	2,123,877	63,385,324	54,337,641
Total liabilities	64,849,947	53,894,491	2,543,771	2,176,714	67,393,718	56,071,205
Deferred inflows of resources	6,520,386	11,407,912	259,529	463,495	6,779,915	11,871,407
Net investment in capital assets	30,538,996	30,567,847	70,695	74,644	30,609,691	30,642,491
Restricted net position	2,136,353	2,228,751	2,638	-	2,138,991	2,228,751
Unrestricted net position (deficit)	(44,896,656)	(39,732,040)	(857,237)	(456,142)	(45,753,893)	(40,188,182)
Total net position (deficit)	$ (12,221,307)	$ (6,935,442)	$ (783,904)	$ (381,498)	$ (13,005,211)	$ (7,316,940)

Net position is an indicator of the fiscal health of the Board. Net of the $5.2 million reduction in beginning of year net position for implementation of GASB 101, the net position of the Board's governmental activities decreased $50 thousand during the year to $(12.2) million at June 30, 2025, indicating a decline in the financial condition of the Board. Restricted net position decreased by $92 thousand. Net investment in capital assets decreased $29 thousand due to an excess of depreciation expense over capital additions for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its 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. The increase in liabilities is primarily due to the recording of sick leave as part of the implementation of GASB 101.

Net of a reduction of $223 thousand to beginning of year net position for implementation of GASB 101, net position of the Board's business-type activities decreased $179 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	$ 1,341,604	$ 1,366,607	$ 200,552	$ 220,127	$ 1,542,156	$ 1,586,734
Operating grants and contributions	39,987,924	41,203,963	3,045,789	3,222,524	43,033,713	44,426,487
Capital grants and contributions	442,220	324,916	-	-	442,220	324,916
General revenues:						
County appropriations	7,754,316	7,198,094	-	-	7,754,316	7,198,094
State appropriations	1,382,993	833,609	-	-	1,382,993	833,609
Other revenues	387,178	400,250	116	139	387,294	400,389
Total revenues	51,296,235	51,327,439	3,246,457	3,442,790	54,542,692	54,770,229
Expenses:						
Governmental activities:						
Instructional services	38,849,049	35,431,552	-	-	38,849,049	35,431,552
System-wide support services	10,966,049	11,359,833	-	-	10,966,049	11,359,833
Ancillary services	45,505	153,302	-	-	45,505	153,302
Non-programmed changes	64,628	307,835	-	-	64,628	307,835
Unallocated depreciation	1,306,318	1,263,959	-	-	1,306,318	1,263,959
Business-type activities:						
School food service	-	-	3,540,148	3,540,155	3,540,148	3,540,155
Total expenses	51,231,549	48,516,481	3,540,148	3,540,155	54,771,697	52,056,636
Excess (deficiency) before transfers	64,686	2,810,958	(293,691)	(97,365)	(229,005)	2,713,593
Transfers in (out)	(114,265)	(111,393)	114,265	111,393	-	-
Increase (decrease) in net position	(49,579)	2,699,565	(179,426)	14,028	(229,005)	2,713,593
Beginning net position, as previously reported	(6,935,442)	(9,635,007)	(381,498)	(395,526)	(7,316,940)	(10,030,533)
Change in accounting principle (Note 5)	(5,236,286)	-	(222,980)	-	(5,459,266)	-
Beginning net position (deficit), restated	(12,171,728)	(9,635,007)	(604,478)	(395,526)	(12,776,206)	(10,030,533)
Ending net position (deficit)	$ (12,221,307)	$ (6,935,442)	$ (783,904)	$ (381,498)	$ (13,005,211)	$ (7,316,940)

Total governmental activities generated revenues of $51.3 million while expenses in this category totaled $51.2 million for the year ended June 30, 2025, resulting in a decrease in net position of $50 thousand (including transfers to business-type activities of $114 thousand). Comparatively, revenues were $51.3 million, expenses totaled $48.5 million and transfers out were $111 thousand for the year ended June 30, 2024, resulting in an increase in net position of $2.7 million. In comparing the two years, total revenues were basically unchanged, decreasing slightly by $31 thousand, or 0.1%, while expenses increased by $2.7 million, or 5.6%. The change in expenses was largely attributable to a $1.9 million year-over-year increase in pension and OPEB expenses, due to changes in actuarial valuations and allocation percentages of those plans.

The Board's primary sources of revenues were funding from the State of North Carolina, Montgomery County, and the United States Government, which respectively comprised 65.0%, 15.1% and 15.2% of

our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 75.8% of our total expenses during the most recent fiscal year. Of the remaining 24.2% of our total expenses, 21.4% was attributable to system-wide support services.

Our business-type activities generated revenues of $3.2 million while expenses in this category totaled $3.5 million for the year ended June 30, 2025. For the year, net position decreased by $179 thousand (including transfers in of $114 thousand). Comparatively, revenues were $3.4 million and expenses were $3.5 million for the year ended June 30, 2024, resulting in an increase in net position of $14 thousand (including transfers in of $111 thousand). In comparing the two periods, revenues decreased $196 thousand, or 5.7%, while total expenses were unchanged. The change in revenues was primarily due to a decline in USDA reimbursements received during the year.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Montgomery 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.

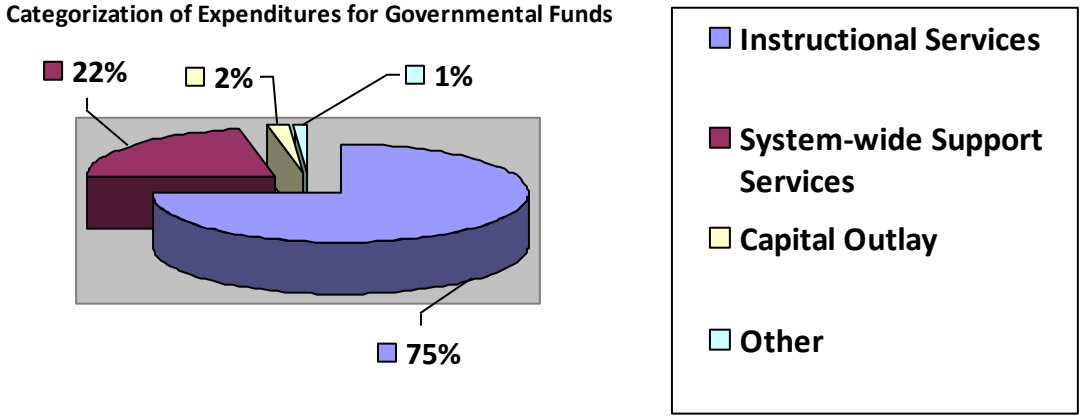
The Board's governmental funds reported a combined fund balance of $6.4 million at June 30, 2025, a decrease of $1.2 million from the $7.6 million reported at June 30, 2024. The Board's General and Other Special Revenue funds each reported decreases in fund balance for the year while the Capital Outlay and Individual Schools funds both reported increases in fund balance. Overall, both total governmental fund revenues and expenditures were comparable to the prior year, with revenues declining by $202 thousand, or 0.4% while expenditures increased by $918 thousand, or 1.8%, over the prior year.

The General Fund reported a decrease in fund balance of $768 thousand (including the change in reserve for inventories) for the year ended June 30, 2025 compared to an increase of $48 thousand in the prior year. Nonrecurring expenditures for computer equipment and retirement obligations were the primary factors contributing to the decline in fund balance for the 2025 year.

The Capital Outlay Fund reported an increase in fund balance for the current year of $56 thousand compared to a decrease of $145 thousand in the 2024 year. The majority of the district's funding for capital projects comes from the County and is expended in the year received.

The Other Special Revenue Fund reported a decrease in fund balance for the current year of $498 thousand compared to an increase of $21 thousand in the 2024 year. The year-over-year change is largely due to a decrease in indirect cost revenue received from the Federal Grants Fund.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these two funds are required to be expended in the year received. Combined revenues and expenditures in these two funds totaled $34.6 million for the year ended June 30, 2025, a decrease of $1.6 million, or 4.3% from the previous year. The decrease was primarily due to a decline in federal COVID-19 grant revenues and expenditures.



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 $179 thousand for the fiscal year ended June 30, 2025 compared to an increase of $14 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. During the year ended June 30, 2025, budget revisions were made in the General Fund for nonrecurring expenditures for computer equipment and retirement obligations. Due to the timing of some revenues and expenditures being less predictable than others, differences sometimes exist between the final budgeted and actual amounts. Variances between actual expenditures and final budget amounts relate to conservative budgeting practices and cost containment strategies.

Capital Assets

Total primary government capital assets were $31.5 million at June 30, 2025 compared to $31.2 million at June 30, 2024, a slight increase of $289 thousand. More detailed information about the Board's capital assets is contained in Note 2.A.4 to the financial statements.

The following table 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 Acitivities		Business-type Activities		Total Primary Government	
	6/30/25	6/30/24	6/30/25	6/30/24	6/30/25	6/30/24
Land	$ 557,554	$ 557,554	$ -	$ -	$ 557,554	$ 557,554
Construction in progress	-	544,226	-	-	-	544,226
Buildings and improvements	27,218,997	27,123,461	-	-	27,218,997	27,123,461
Equipment and furniture	886,539	1,034,133	70,695	74,644	957,234	1,108,777
Vehicles	2,733,736	1,844,507	-	-	2,733,736	1,844,507
Total	$ 31,396,826	$ 31,103,881	$ 70,695	$ 74,644	$ 31,467,521	$ 31,178,525

Debt Outstanding

During the year, the Board's long-term debt increased from $536 thousand at June 30, 2024 to $858 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.B.6 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 the school district. The following factors have affected the economic outlook of Montgomery County:

- As of June 30, 2025, Montgomery County experienced an unemployment rate of approximately 4.3% as compared to an unemployment rate of approximately 4.4% at June 30, 2024. Montgomery County's unemployment rate is comparable to the June 30, 2025 State of N.C. and national unemployment rates which were 4.0% and 4.4%, respectively.
- Due to limited regional growth, the Board expects enrollment to remain consistent for the next year.

Requests for Information

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

Mitch Taylor, Chief Financial Officer
Montgomery County Board of Education
Post Office Box 427
Troy, NC 27371-0427

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 1***
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 5,519,473	$ 912,765	$ 6,432,238
Due from other governments	658,575	80,695	739,270
Receivables	64,127	-	64,127
Inventories	54,343	114,803	169,146
Prepaid expenses	340,549	-	340,549
Net OPEB asset	36,761	1,463	38,224
Capital assets:			
Land	557,554	-	557,554
Other capital assets, net of depreciation	30,839,272	70,695	30,909,967
Total capital assets	31,396,826	70,695	31,467,521
Total assets	38,070,654	1,180,421	39,251,075
Deferred Outflows of Resources			
Pension and OPEB plans	21,078,372	838,975	21,917,347
Liabilities			
Accounts payable and accrued expenses	170,600	-	170,600
Unearned revenue	51,215	8,304	59,519
Long-term liabilities:			
Due within one year	3,638,877	139,398	3,778,275
Due in more than one year	60,989,255	2,396,069	63,385,324
Total liabilities	64,849,947	2,543,771	67,393,718
Deferred Inflows of Resources			
Pension and OPEB plans	6,520,386	259,529	6,779,915
Net position			
Net investment in capital assets	30,538,996	70,695	30,609,691
Restricted for:			
Stabilization by State statute	529,945	-	529,945
School capital outlay	934,738	-	934,738
Instructional services	91,312	-	91,312
Individual schools activities	514,093	-	514,093
DIPNC OPEB plan	66,265	2,638	68,903
Unrestricted (deficit)	(44,896,656)	(857,237)	(45,753,893)
Total net position (deficit)	$ (12,221,307)	$ (783,904)	$ (13,005,211)

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

MONTGOMERY COUNTY BOARD OF EDUCATION **Exhibit 2**
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	$ 22,713,354	$ -	$ 21,860,963	$ -	$ (852,391)	$ -	$ (852,391)
Special populations	4,017,089	-	4,482,066	-	464,977	-	464,977
Alternative programs	4,307,185	-	2,853,097	-	(1,454,088)	-	(1,454,088)
School leadership	3,534,821	-	2,639,224	-	(895,597)	-	(895,597)
Co-curricular	1,429,475	1,182,139	-	-	(247,336)	-	(247,336)
School-based support	2,847,125	-	2,686,088	-	(161,037)	-	(161,037)
System-wide support services:							
Support and development	1,154,001	-	1,045,918	-	(108,083)	-	(108,083)
Special population support and development	288,145	-	122,955	-	(165,190)	-	(165,190)
Alternative programs and services support and development	71,563	-	-	-	(71,563)	-	(71,563)
Technology support	247,637	-	149,289	-	(98,348)	-	(98,348)
Operational support	6,924,733	-	3,350,157	442,220	(3,132,356)	-	(3,132,356)
Financial and human resource services	1,212,147	159,465	375,138	-	(677,544)	-	(677,544)
Accountability	107,332	-	108,638	-	1,306	-	1,306
System-wide pupil support	311,346	-	39,511	-	(271,835)	-	(271,835)
Policy, leadership and public relations	649,145	-	209,469	-	(439,676)	-	(439,676)
Ancillary services	45,505	-	4,805	-	(40,700)	-	(40,700)
Payments to other governments	64,628	-	60,606	-	(4,022)	-	(4,022)
Unallocated depreciation expense**	1,306,318	-	-	-	(1,306,318)	-	(1,306,318)
Total governmental activities	51,231,549	1,341,604	39,987,924	442,220	(9,459,801)	-	(9,459,801)
Business-type activities:							
School food service	3,540,148	200,552	3,045,789	-	-	(293,807)	(293,807)
Total primary government	$ 54,771,697	$ 1,542,156	$ 43,033,713	$ 442,220	(9,459,801)	(293,807)	(9,753,608)
		General revenues:					
		Unrestricted county appropriations - operating			6,569,919	-	6,569,919
		Unrestricted county appropriations - capital			1,184,397	-	1,184,397
		Unrestricted State appropriations - operating			1,012,085	-	1,012,085
		Unrestricted State appropriations - capital			370,908	-	370,908
		Investment earnings, unrestricted			71,913	116	72,029
		Miscellaneous, unrestricted			315,265	-	315,265
		Total general revenues			9,524,487	116	9,524,603
		Transfers			(114,265)	114,265	-
		Total general revenues and transfers			9,410,222	114,381	9,524,603
		Change in net position			(49,579)	(179,426)	(229,005)
		Net position (deficit) - beginning, as previously reported			(6,935,442)	(381,498)	(7,316,940)
		Change in accounting principle (Note 5)			(5,236,286)	(222,980)	(5,459,266)
		Net position (deficit) - beginning, as restated			(12,171,728)	(604,478)	(12,776,206)
		Net position (deficit) - ending			$ (12,221,307)	$ (783,904)	$ (13,005,211)

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

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

FUND FINANCIAL STATEMENTS

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 3***

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	Major Funds					Non-major Fund	
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 3,570,849	$ 51,215	$ -	$ 718,122	$ 665,194	$ 514,093	$ 5,519,473
Due from other governments	12,119	-	-	368,216	278,240	-	658,575
Accounts receivable	64,127	-	-	-	-	-	64,127
Inventories	54,343	-	-	-	-	-	54,343
Prepaid expenditures	340,549	-	-	-	-	-	340,549
Total assets	$ 4,041,987	$ 51,215	$ -	$ 1,086,338	$ 943,434	$ 514,093	$ 6,637,067
Liabilities and Fund balances							
Liabilities:							
Accounts payable and accrued liabilities	$ 149,773	$ -	$ -	$ 12,131	$ 8,696	$ -	$ 170,600
Unearned revenue	-	51,215	-	-	-	-	51,215
Total liabilities	149,773	51,215	-	12,131	8,696	-	221,815
Fund balances:							
Nonspendable:							
Inventories	54,343	-	-	-	-	-	54,343
Prepaid expenditures	340,549	-	-	-	-	-	340,549
Restricted:							
Stabilization by State statute	79,570	-	-	450,375	-	-	529,945
School capital outlay	-	-	-	-	934,738	-	934,738
Instructional services	-	-	-	91,312	-	-	91,312
Individual schools	-	-	-	-	-	514,093	514,093
Assigned:							
Subsequent year's expenditures	983,016	-	-	-	-	-	983,016
Special revenues	-	-	-	532,520	-	-	532,520
Unassigned	2,434,736	-	-	-	-	-	2,434,736
Total fund balances	3,892,214	-	-	1,074,207	934,738	514,093	6,415,252
Total liabilities and fund balances	$ 4,041,987	$ 51,215	$ -	$ 1,086,338	$ 943,434	$ 514,093	$ 6,637,067

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

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 3 (Continued)***
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2025

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

Total fund balances of governmental funds	$ 6,415,252
Net OPEB asset	36,761
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,396,826
Deferred outflows of resources related to pensions	9,297,240
Deferred outflows of resources related to OPEB	11,781,132
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(8,378,685)
Net pension liability	(19,028,796)
Net OPEB liability	(37,220,651)
Deferred inflows of resources related to pensions	(56,252)
Deferred inflows of resources related to OPEB	(6,464,134)
Net position (deficit) of governmental activities	$ (12,221,307)

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

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 4***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2025

	Major Funds					Non-major Fund	
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	Total Governmental Funds
Revenues:							
State of North Carolina	$ -	$ 31,093,962	$ -	$ 1,558,587	$ 813,128	$ -	$ 33,465,677
Montgomery County:							
Local current expense	6,569,919	-	-	-	-	-	6,569,919
Other	-	-	-	-	1,184,397	-	1,184,397
U.S. Government	-	-	3,521,035	4,321,129	-	-	7,842,164
Other	228,514	-	-	972,403	51,874	1,182,139	2,434,930
Total revenues	6,798,433	31,093,962	3,521,035	6,852,119	2,049,399	1,182,139	51,497,087
Expenditures:							
Current:							
Instructional services:							
Regular instructional	2,302,997	17,068,270	438,291	3,500,703	-	-	23,310,261
Special populations	8,910	3,275,071	843,739	21,520	-	-	4,149,240
Alternative programs	74,603	571,872	1,829,458	1,937,231	-	-	4,413,164
School leadership	360,443	3,128,701	-	135,034	-	-	3,624,178
Co-curricular	277,528	-	-	-	-	1,160,468	1,437,996
School-based support	170,089	2,062,887	215,131	456,711	-	-	2,904,818
System-wide support services:							
Support and development	20,793	427,505	-	723,426	-	-	1,171,724
Special population support and development	95,341	122,955	-	70,233	-	-	288,529
Alternative programs and services support and development	1,664	-	-	80,809	-	-	82,473
Technology support	16,425	149,289	-	93,750	-	-	259,464
Operational support	2,999,837	3,157,519	78,373	62,866	1,028,516	-	7,327,111
Financial and human resource services	634,722	708,642	-	-	-	-	1,343,364
Accountability	2,654	108,638	-	-	-	-	111,292
System-wide pupil support	109,695	-	39,511	162,555	-	-	311,761
Policy, leadership and public relations	457,892	193,543	15,926	-	-	-	667,361
Ancillary services	-	4,805	-	40,700	-	-	45,505
Non-programmed charges	-	-	60,606	64,628	-	-	125,234
Debt service - principal retirement	-	-	-	-	442,220	-	442,220
Capital outlay	-	-	-	-	1,286,591	-	1,286,591
Total expenditures	7,533,593	30,979,697	3,521,035	7,350,166	2,757,327	1,160,468	53,302,286
Excess (deficiency) of revenues over expenditures	(735,160)	114,265	-	(498,047)	(707,928)	21,671	(1,805,199)
Other financing sources (uses):							
Transfers to other funds	-	(114,265)	-	-	-	-	(114,265)
Installment purchase obligations issued	-	-	-	-	764,016	-	764,016
Total other financing sources (uses)	-	(114,265)	-	-	764,016	-	649,751
Net change in fund balance	(735,160)	-	-	(498,047)	56,088	21,671	(1,155,448)
Fund balances:							
Beginning of year	4,660,012	-	-	1,572,254	878,650	492,422	7,603,338
Change in reserve for inventories	(32,638)	-	-	-	-	-	(32,638)
End of year	$ 3,892,214	$ -	$ -	$ 1,074,207	$ 934,738	$ 514,093	$ 6,415,252

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

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

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

Net changes in fund balances - total governmental funds	$ (1,155,448)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	292,945
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	4,165,620
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities	1,766,481
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	11,324
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.	(321,796)
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	(5,188,744)
Net OPEB (expense) benefit	344,216
Compensated absences	68,461
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(32,638)
Total change in net position of governmental activities	$ (49,579)

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

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 6***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Montgomery County	$ 5,972,400	$ 6,541,400	$ 6,569,919	$ 28,519
Other	389,000	320,000	228,514	(91,486)
Total revenues	6,361,400	6,861,400	6,798,433	(62,967)
Expenditures:				
Current:				
Instructional services	3,452,189	4,060,390	3,194,570	865,820
System-wide support services	3,891,227	4,509,420	4,339,023	170,397
Ancillary services	1,000	1,000	-	1,000
Total expenditures	7,344,416	8,570,810	7,533,593	1,037,217
Excess (deficiency) of revenues over expenditures	(983,016)	(1,709,410)	(735,160)	974,250
Fund balance appropriated	983,016	1,709,410	-	(1,709,410)
Net change in fund balance	$ -	$ -	(735,160)	$ (735,160)
Fund balances:				
Beginning of year			4,660,012	
Change in reserve for inventories			(32,638)	
End of year			$ 3,892,214	

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

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 6 (continued)***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2025

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ 30,861,151	$ 32,281,101	$ 31,093,962	$ (1,187,139)
Expenditures:				
Current:				
Instructional services	26,058,018	27,162,185	26,106,801	1,055,384
System-wide support services	4,687,469	4,993,052	4,868,091	124,961
Ancillary services	-	10,200	4,805	5,395
Total expenditures	30,745,487	32,165,437	30,979,697	1,185,740
Excess (deficiency) of revenues over expenditures	115,664	115,664	114,265	(1,399)
Other financing uses:				
Transfers to other funds	(115,664)	(115,664)	(114,265)	1,399
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.

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 6 (continued)***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2025

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
U.S. Government	$ 941,662	$ 4,657,031	$ 3,521,035	$ (1,135,996)
Expenditures:				
Current:				
Instructional services	810,624	4,428,877	3,326,619	1,102,258
System-wide support services	130,748	144,395	133,810	10,585
Non-programmed charges	290	83,759	60,606	23,153
Total expenditures	941,662	4,657,031	3,521,035	1,135,996
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.

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 6 (continued)***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2025

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ 1,577,692	$ 1,577,692	$ 1,558,587	$ (19,105)
U.S. Government	7,340,044	14,012,720	4,321,129	(9,691,591)
Other	579,013	1,032,463	972,403	(60,060)
Total revenues	9,496,749	16,622,875	6,852,119	(9,770,756)
Expenditures:				
Current:				
Instructional services	9,004,575	14,425,353	6,051,199	8,374,154
System-wide support services	422,549	2,267,273	1,193,639	1,073,634
Ancillary services	103,000	52,000	40,700	11,300
Non-programmed charges	586,750	736,422	64,628	671,794
Total expenditures	10,116,874	17,481,048	7,350,166	10,130,882
Excess (deficiency) of revenues over expenditures	(620,125)	(858,173)	(498,047)	360,126
Fund balance appropriated	620,125	858,173	-	(858,173)
Net change in fund balance	$ -	$ -	(498,047)	$ (498,047)
Fund balances:				
Beginning of year			1,572,254	
End of year			$ 1,074,207	

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

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 7***
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2025

	Enterprise Fund Major Fund School Food Service
Assets	
Current assets:	
Cash and cash equivalents	$ 912,765
Due from other governments	80,695
Inventories	114,803
Total current assets	1,108,263
Noncurrent assets:	
Net OPEB asset	1,463
Capital assets:	
Furniture and office equipment, net	70,695
Total noncurrent assets	72,158
Total assets	1,180,421
Deferred Outflows of Resources	
Pension and OPEB plans	838,975
Liabilities	
Current liabilities:	
Compensated absences	139,398
Unearned revenue	8,304
Total current liabilities	147,702
Noncurrent liabilities:	
Net pension liability	757,396
Net OPEB liability	1,481,479
Compensated absences	157,194
Total noncurrent liabilities	2,396,069
Total liabilities	2,543,771
Deferred Inflows of Resources	
Pension and OPEB plans	259,529
Net position	
Investment in capital assets	70,695
Restricted for DIPNC OPEB plan	2,638
Unrestricted (deficit)	(857,237)
Total net position (deficit)	$ (783,904)

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

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 8***
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2025

	Enterprise Fund Major Fund School Food Service
Operating revenues:	
Food sales	$ 199,641
Other	911
Total operating revenues	200,552
Operating expenses:	
Food cost:	
Purchase of food	1,115,667
Donated commodities	217,842
Salaries and benefits	1,868,582
Indirect costs	160,276
Materials and supplies	113,080
Repairs and maintenance	20,180
Depreciation	9,668
Non-capitalized equipment	12,674
Contracted services	26,163
Other	16,046
Total operating expenses	3,560,178
Operating loss	(3,359,626)
Nonoperating revenues:	
Federal reimbursements	2,827,947
Federal commodities	217,842
Indirect costs not paid	20,030
Interest earned	116
Total nonoperating revenues	3,065,935
Loss before transfers	(293,691)
Transfers from other funds	114,265
Change in net position	(179,426)
Net position (deficit), beginning of year, as previously reported	(381,498)
Change in accounting principle (Note 5)	(222,980)
Net position (deficit), beginning of year, as restated	(604,478)
Net position (deficit), end of year	$ (783,904)

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

MONTGOMERY COUNTY BOARD OF EDUCATION ***Exhibit 9***
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2025

	Enterprise Fund Major Fund School Food Service
Cash flows from operating activities:	
Cash received from customers	$ 199,049
Cash paid for goods and services	(1,460,413)
Cash paid to employees for services	(1,868,058)
Other operating revenue	911
Net cash used by operating activities	(3,128,511)
Cash flows from noncapital financing activities:	
Federal and State reimbursements	2,855,044
Cash flows from capital and related financing activities:	
Purchase of capital assets	(5,719)
Cash flows from investing activities:	
Interest earned on investments	116
Net decrease in cash and cash equivalents	(279,070)
Cash and cash equivalents, beginning of year	1,191,835
Cash and cash equivalents, end of year	$ 912,765
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (3,359,626)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	9,668
Donated commodities	217,842
Salaries paid by special revenue fund	114,265
Indirect costs not paid	20,030
Changes in assets, liabilities, deferred outflows and deferred inflows:	
Increase in net OPEB asset	(1,463)
Increase in inventories	(16,357)
Decrease in unearned revenue	(592)
Decrease in net pension liability	(115,168)
Increase in net OPEB liability	294,499
Increase in deferred outflows	(52,981)
Decrease in deferred inflows	(203,966)
Decrease in compensated absences payable	(34,662)
Total adjustments	231,115
Net cash used by operating activities	$ (3,128,511)

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

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of $217,842 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.

Indirect costs of $20,030 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 8.

The State Public School Fund paid salaries and benefits of $114,265 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Montgomery 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 Montgomery 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 Montgomery 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.

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

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, 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 Montgomery County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

The Board reports the following nonmajor governmental fund:

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

The Board reports the following major enterprise 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 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. Any revisions that alter the total expenditures of any fund or require a transfer between purpose codes within a fund must be approved by the Board of Education prior to any expenditures being made. 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 has no policy for managing concentration risk.

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. The inventories of the Board's General Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is classified as nonspendable. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Prepaid Expenditures

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

5. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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:

	Years
Buildings and improvements	20 - 50
Equipment and furniture	3 - 10
Vehicles	6 - 15

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

6. 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.

7. 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.

8. Compensated Absences

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

of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

Sick Leave. The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

9. 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 three classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

Restricted for Stabilization by State statute - 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 assignment of fund balance is governed by NC General Statutes. The Board of Education is authorized to approve appropriations of fund balance in accordance with restrictions established by NC 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.

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 of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will pay expenditures from restricted revenue sources first and then from general unrestricted revenues. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

10. Reconciliation of Government-wide and Fund Financial Statements

a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of $(18,636,559) 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)	$ 67,137,046
Less accumulated depreciation	(35,740,220)
Net capital assets	31,396,826
Net OPEB asset	36,761
Deferred outflows of resources related to pensions	9,297,240
Deferred outflows of resources related to OPEB	11,781,132
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	(857,830)
Compensated absences	(7,520,855)
Net pension liability	(19,028,796)
Net OPEB liability	(37,220,651)
Deferred inflows of resources related to pensions	(56,252)
Deferred inflows of resources related to OPEB	(6,464,134)
Total adjustment	$ (18,636,559)

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 $1,105,869 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	$ 1,933,394
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,640,449)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	4,165,620
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities	1,766,481
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	11,324
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	(764,016)
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	442,220
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund	
Pension (expense) benefit	(5,188,744)
Net OPEB (expense) benefit	344,216
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	68,461
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(32,638)
Total adjustment	$ 1,105,869

11. Defined Benefit Pension Plans

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

has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

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 $4,651,525 and with the State Treasurer of $51,215. The bank balances with the financial institutions and the State Treasurer were $4,962,989 and $110,046, respectively. Of these balances, $1,000,219 was covered by federal depository insurance and $4,072,816 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 $1,729,498 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 prices that are either directly or indirectly observable for an asset or liability.

3. Accounts Receivable

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

	Due from other governments	Other	Total
Governmental activities:			
General Fund	$ 12,119	$ 64,127	$ 76,246
Other governmental activities	646,456	-	646,456
Total governmental activities	$ 658,575	$ 64,127	$ 722,702
Business-type activities:			
School Food Service Fund	$ 80,695	$ -	$ 80,695

Due from other governments consists of the following:

Governmental activities:		
General Fund	$ 12,119	Amounts due from County
Other Special Revenue Fund	368,216	State and federal grant funds
Capital Outlay Fund	278,240	Amounts due from County
Total governmental activities	$ 658,575	
Business-type activities:		
School Food Service Fund	$ 80,695	Federal grant funds

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 557,554	$ -	$ -	$ 557,554
Construction in progress	544,226	680,608	1,224,834	-
Total capital assets not being depreciated	1,101,780	680,608	1,224,834	557,554
Capital assets being depreciated:				
Buildings and improvements	53,962,931	1,224,834	-	55,187,765
Equipment and furniture	2,094,768	29,426	-	2,124,194
Vehicles	8,044,173	1,223,360	-	9,267,533
Total capital assets being depreciated	64,101,872	2,477,620	-	66,579,492
Less accumulated depreciation for:				
Buildings and improvements	26,839,470	1,129,298	-	27,968,768
Equipment and furniture	1,060,635	177,020	-	1,237,655
Vehicles	6,199,666	334,131	-	6,533,797
Total accumulated depreciation	34,099,771	1,640,449	-	35,740,220
Total capital assets being depreciated, net	30,002,101			30,839,272
Governmental activity capital assets, net	$ 31,103,881			$ 31,396,826
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	$ 1,218,976	$ 5,719	$ -	$ 1,224,695
Vehicles	52,660	-	-	52,660
Total capital assets being depreciated	1,271,636	5,719	-	1,277,355
Less accumulated depreciation for:				
Equipment and furniture	1,171,486	6,442	-	1,177,928
Vehicles	25,506	3,226	-	28,732
Total accumulated depreciation	1,196,992	9,668	-	1,206,660
School Food Service capital assets, net	$ 74,644			$ 70,695

Depreciation was charged to governmental functions as follows:

System-wide support services	$ 334,131
Unallocated depreciation	1,306,318
Total	$ 1,640,449

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2025 was 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 $4,331,423 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 with

at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

At June 30, 2025, the Board reported a liability of $19,786,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2024 and 2023, the Board's proportion was 0.1335% and 0.1340%, respectively.

For the year ended June 30, 2025, the Board recognized pension expense of $5,388,026. 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	$ 1,783,079	$ 58,491
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,262,649	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	290,143	-
Board contributions subsequent to the measurement date	4,331,423	-
Total	$ 9,667,294	$ 58,491

$4,331,423 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:

Year ended June 30:	
2026	$ 1,691,347
2027	4,019,656
2028	(84,379)
2029	(349,244)
Total	$ 5,277,380

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

Inflation	2.50 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate 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.

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	$ 36,295,575	$ 19,786,192	$ 6,171,786

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 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 $1,803,255 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 $11,775.

At June 30, 2025, the Board reported a liability of $38,702,130 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2024 and 2023, the Board's proportion was 0.1138% and 0.1140%, respectively.

$1,803,255 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	$ (1,023,816)
2027	370,977
2028	2,515,971
2029	1,831,563
Total	$ 3,694,695

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

Inflation	2.50%
Salary increases	3.25-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	6.50%
Healthcare cost trend rates:	
Medical	5.00-6.50%
Prescription drug	5.00-10.00%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2025 and 2024 were 3.93% and 3.65%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	$ 46,045,518	$ 38,702,130	$ 32,806,031

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:

	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-9.00%, Medicare Advantage - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (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	$ 31,945,830	$ 38,702,130	$ 47,450,223

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

2. Disability Benefits

Plan description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

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

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

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2025, employers made a statutory contribution of 0.13% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were $33,537 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 $38,224 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 0.1161% and 0.1164%, respectively.

$33,537 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	$ (11,125)
2027	(6,787)
2028	8,329
2029	4,116
2030	2,609
Total	$ (2,858)

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

Inflation	2.50%
Salary increases	3.25%-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	$ 34,083	$ 38,224	$ 42,576

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:

	RHBF	DIPNC	Total
OPEB expense (benefit)	$ (410,452)	$ 24,438	$ (386,014)
OPEB liability (asset)	38,702,130	(38,224)	38,663,906
Proportionate share of the net OPEB liability or asset	0.1138%	0.1161%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 315,445	$ 15,410	$ 330,855
Changes of assumptions	9,321,053	570	9,321,623
Net difference between projected and actual earnings on plan investments	165,845	30,008	195,853
Changes in proportion and differences between Board contributions and proportionate share of contributions	552,002	12,928	564,930
Board contributions subsequent to the measurement date	1,803,255	33,537	1,836,792
Total deferred outflows of resources	$ 12,157,600	$ 92,453	$ 12,250,053
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ -	$ 43,966	$ 43,966
Changes of assumptions	5,045,968	17,808	5,063,776
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,613,682	-	1,613,682
Total deferred inflows of resources	$ 6,659,650	$ 61,774	$ 6,721,424

2. Accounts Payable

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

	Vendors and Other
Governmental activities:	
General Fund	$ 149,773
Other governmental activities	20,827
Total governmental activities	$ 170,600

3. Unearned Revenues

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

Governmental activities:	
State grant funds (State Public School Fund)	$ 51,215
Business-type activities:	
Prepayments of meals (School Food Service Fund)	$ 8,304

4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,113,934	$ 102,457
Changes of assumptions	9,321,623	5,063,776
Net difference between projected and actual earnings on pension and OPEB plan investments	3,458,502	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	855,073	1,613,682
Board contributions subsequent to the measurement date	6,168,215	-
Total	$ 21,917,347	$ 6,779,915

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of $1,000,000 each claim made / $3,150,000 coverage period aggregate.

Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

Business property insurance is purchased through a private insurer. The policy coverage insures the tangible property assets of the Board. Buildings and contents are insured on an agreed value basis. A limit of $5 million per occurrence is provided on flood and earthquake expense and a limit of $1 million per occurrence is provided on business interruption and extra expense.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina through December 31, 2024 and Aetna thereafter. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits. The Board pays the majority of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded

for $50,000. The remaining employees that have access to funds are bonded under a blanket bond for $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. 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 has entered into three such financing contracts for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The original amount of the installment purchase contracts totaled $1,454,943. The financing 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 purchase as of June 30, 2025 are as follows:

Year Ending June 30:	Governmental Activities Principal
2026	$ 480,118
2027	261,329
2028	116,383
Totals	$ 857,830

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2025:

	July 1, 2024 (As restated)	Increases	Decreases	June 30, 2025	Current Portion
Governmental activities:					
Direct placement installment purchases	$ 536,034	$ 764,016	$ 442,220	$ 857,830	$ 480,118
Net pension liability	21,476,229	-	2,447,433	19,028,796	-
Net OPEB liability	29,214,897	8,005,754	-	37,220,651	-
Compensated absences	7,589,316	-	68,461	7,520,855	3,158,759
Total	$ 58,816,476	$ 8,769,770	$ 2,958,114	$ 64,628,132	$ 3,638,877
Business-type activities:					
Net pension liability	$ 872,564	$ -	$ 115,168	$ 757,396	$ -
Net OPEB liability	1,186,980	294,499	-	1,481,479	-
Compensated absences	331,254	-	34,662	296,592	139,398
Total	$ 2,390,798	$ 294,499	$ 149,830	$ 2,535,467	$ 139,398

Compensated absences and the net pension and net OPEB liabilities related to governmental activities are typically liquidated by the General and other governmental funds.

C. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2025 consisted $114,265 from the State Public School Fund to the School Food Service Fund for child nutrition personnel costs.

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	$	31,396,826
Less:		
Installment purchase obligations for school buses		(857,830)
Net investment in capital assets, governmental activities	$	30,538,996

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	$	3,892,214
Less:		
Inventories		(54,343)
Prepaid expenditures		(340,549)
Stabilization by State statute		(79,570)
Appropriated fund balance in 2025-2026 budget		(983,016)
Unassigned fund balance	$	2,434,736

3. Encumbrances

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances outstanding at June 30, 2025 are as follows:

General Fund	$	3,324
Capital Outlay Fund		43,177
Other Special Revenue Fund		82,159

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

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

Medicaid reimbursement program	$	363,256
Tuition and fees		159,465
Indirect costs allocated		205,400
Contributions and donations		124,098
Other		102,242
Total other revenues	$	972,403

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.

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	$ (381,498)	$ (6,935,442)	$ (381,498)
Change in accounting principle	(222,980)	(5,236,286)	(222,980)
June 30, 2024 net position (deficit), as restated	$ (604,478)	$ (12,171,728)	$ (604,478)

NOTE 6 – SUBSEQUENT EVENTS

The Board has evaluated subsequent events through December 8, 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

MONTGOMERY 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	0.134%	0.134%	0.133%	0.130%	0.144%
Board's proportionate share of the net pension liability	$ 19,786,192	$ 22,348,793	$ 19,706,039	$ 6,104,707	$ 17,412,574
Board's covered payroll	$ 25,139,495	$ 24,081,064	$ 23,326,795	$ 22,387,882	$ 23,094,603
Board's proportionate share of the net pension liability as a percentage of its covered payroll	78.71%	92.81%	84.48%	27.27%	75.40%
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	0.147%	0.159%	0.159%	0.163%	0.159%
Board's proportionate share of the net pension liability	$ 15,241,500	$ 15,797,326	$ 12,639,565	$ 14,999,766	$ 5,848,041
Board's covered payroll	$ 23,421,391	$ 23,594,889	$ 22,926,271	$ 22,728,656	$ 23,293,136
Board's proportionate share of the net pension liability as a percentage of its covered payroll	65.08%	66.95%	55.13%	65.99%	25.11%
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.

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

	2025	2024	2023	2022	2021
Contractually required contribution	$ 4,331,423	$ 4,432,093	$ 4,185,289	$ 3,820,929	$ 3,308,929
Contributions in relation to the contractually required contribution	4,331,423	4,432,093	4,185,289	3,820,929	3,308,929
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 25,797,635	$ 25,139,495	$ 24,081,064	$ 23,326,795	$ 22,387,882
Contributions as a percentage of covered payroll	16.79%	17.63%	17.38%	16.38%	14.78%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 2,995,370	$ 2,878,489	$ 2,543,529	$ 2,288,042	$ 2,079,672
Contributions in relation to the contractually required contribution	2,995,370	2,878,489	2,543,529	2,288,042	2,079,672
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 23,094,603	$ 23,421,391	$ 23,594,889	$ 22,926,273	$ 22,728,656
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%

MONTGOMERY 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	0.114%	0.114%	0.112%	0.113%	0.122%
Board's proportionate share of the net OPEB liability	$ 38,702,130	$ 30,370,911	$ 26,504,875	$ 34,790,375	$ 33,870,937
Board's covered payroll	$ 25,139,495	$ 24,081,064	$ 23,326,795	$ 22,387,882	$ 23,094,603
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	153.95%	126.12%	113.62%	155.40%	146.66%
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	0.127%	0.137%	0.144%	0.138%
Board's proportionate share of the net OPEB liability	$ 40,269,251	$ 39,051,580	$ 47,077,718	$ 60,089,721
Board's covered payroll	$ 23,421,391	$ 23,594,889	$ 22,926,271	$ 22,728,656
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	171.93%	165.51%	205.34%	264.38%
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.

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

	2025	2024	2023	2022	2021
Contractually required contribution	$ 1,803,255	$ 1,794,960	$ 1,659,185	$ 1,467,255	$ 1,495,511
Contributions in relation to the contractually required contribution	1,803,255	1,794,960	1,659,185	1,467,255	1,495,511
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 25,797,635	$ 25,139,495	$ 24,081,064	$ 23,326,795	$ 22,387,882
Contributions as a percentage of covered payroll	6.99%	7.14%	6.89%	6.29%	6.68%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,494,221	$ 1,468,521	$ 1,427,491	$ 1,341,024	$ 1,278,416
Contributions in relation to the contractually required contribution	1,494,221	1,468,521	1,427,491	1,341,024	1,278,416
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 23,094,603	$ 23,421,391	$ 23,594,889	$ 22,926,273	$ 22,728,656
Contributions as a percentage of covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%

MONTGOMERY 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	0.116%	0.116%	0.116%	0.115%	0.124%
Board's proportionate share of the net OPEB liability (asset)	$ (38,224)	$ 30,966	$ 34,365	$ (18,771)	$ (61,084)
Board's covered payroll	$ 25,139,495	$ 24,081,064	$ 23,326,795	$ 22,387,882	$ 23,094,603
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.15%	0.13%	0.15%	0.08%	0.26%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	114.99%	90.61%	90.34%	105.18%	115.57%

	2020	2019	2018	2017
Board's proportion of the net OPEB liability/asset	0.129%	0.138%	0.139%	0.144%
Board's proportionate share of the net OPEB liability (asset)	$ (55,435)	$ (41,983)	$ (85,183)	$ (89,548)
Board's covered payroll	$ 23,421,391	$ 23,594,889	$ 22,926,271	$ 22,728,656
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.24%	0.18%	0.37%	0.39%
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.

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

	2025	2024	2023	2022	2021
Contractually required contribution	$ 33,537	$ 27,653	$ 24,081	$ 20,994	$ 20,149
Contributions in relation to the contractually required contribution	33,537	27,653	24,081	20,994	20,149
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 25,797,635	$ 25,139,495	$ 24,081,064	$ 23,326,795	$ 22,387,882
Contributions as a percentage of covered payroll	0.13%	0.11%	0.10%	0.09%	0.09%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 23,095	$ 32,790	$ 33,033	$ 87,709	$ 93,598
Contributions in relation to the contractually required contribution	23,095	32,790	33,033	87,709	93,598
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 23,094,603	$ 23,421,391	$ 23,595,000	$ 23,081,316	$ 22,828,780
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%

INDIVIDUAL FUND SCHEDULES

MONTGOMERY 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:			
Montgomery County:			
County appropriation	$ 5,847,400	$ 5,847,400	$ -
Teacher supplements	50,000	50,000	-
Employee retention	500,000	500,000	-
CIS reimbursement	25,000	25,000	-
Health counselors	50,000	50,000	-
County maintenance reimbursement	-	35,412	35,412
Timber receipts	69,000	62,107	(6,893)
Total Montgomery County	6,541,400	6,569,919	28,519
Other:			
Fines and forfeitures	290,000	159,453	(130,547)
Interest earned on investment	25,000	59,801	34,801
Miscellaneous	5,000	9,260	4,260
Total other	320,000	228,514	(91,486)
Total revenues	6,861,400	6,798,433	(62,967)
Expenditures:			
Current:			
Instructional services:			
Regular instructional		2,302,997	
Special populations		8,910	
Alternative programs		74,603	
School leadership		360,443	
Co-curricular		277,528	
School-based support		170,089	
Total instructional services	4,060,390	3,194,570	865,820
System-wide support services:			
Support and development		20,793	
Special population support and development		95,341	
Alternative programs and services support and development		1,664	
Technology support		16,425	
Operational support		2,999,837	
Financial and human resource services		634,722	
Accountability		2,654	
System-wide pupil support		109,695	
Policy, leadership and public relations		457,892	
Total system-wide support services	4,509,420	4,339,023	170,397
Ancillary services:			
Nutrition	1,000	-	1,000
Total expenditures	8,570,810	7,533,593	1,037,217
Excess (deficiency) of revenues over expenditures	(1,709,410)	(735,160)	974,250
Fund balance appropriated	1,709,410	-	(1,709,410)
Net change in fund balance	$ -	(735,160)	$ (735,160)
Fund balance:			
Beginning of year		4,660,012	
Change in reserve for inventories		(32,638)	
End of year		$ 3,892,214	

MONTGOMERY COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2025

	Revenues and Transfers in	Expenditures and Transfers out	Net change in fund balance	Fund balances June 30, 2024	Fund balances June 30, 2025
West Montgomery High	$ -	$ -	$ -	$ 581	$ 581
Montgomery Central High	411,246	421,610	(10,364)	281,989	271,625
West Middle	109,880	108,092	1,788	15,638	17,426
East Middle	107,521	113,650	(6,129)	36,122	29,993
Candor Elementary	70,789	65,233	5,556	33,531	39,087
Green Ridge Elementary	61,162	54,878	6,284	15,697	21,981
Mt. Gilead Elementary	59,047	47,371	11,676	3,710	15,386
Page Street Elementary	93,271	93,426	(155)	9,175	9,020
Star-Biscoe Elementary	97,066	88,700	8,366	51,066	59,432
Troy Elementary	106,487	111,931	(5,444)	12,050	6,606
Montgomery Early College	65,670	55,577	10,093	32,863	42,956
Totals	$ 1,182,139	$ 1,160,468	$ 21,671	$ 492,422	$ 514,093

MONTGOMERY 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 appropriations - buses	$ 442,220	$ 442,220	$ -
Lottery Capital Funds	2,547,833	370,908	(2,176,925)
Total State of North Carolina	2,990,053	813,128	(2,176,925)
Montgomery County:			
County appropriations	1,276,938	1,184,397	(92,541)
Other:			
Interest earned on investments	-	12,112	12,112
Miscellaneous	-	39,762	39,762
Total other	-	51,874	51,874
Total revenues	4,266,991	2,049,399	(2,217,592)
Expenditures:			
Current:			
System-wide support services:			
Operational support	1,800,219	1,028,516	771,703
Debt service:			
Principal retirement	442,220	442,220	-
Capital outlay	3,560,271	1,286,591	2,273,680
Total expenditures	5,802,710	2,757,327	3,045,383
Excess (deficiency) of revenues over expenditures	(1,535,719)	(707,928)	827,791
Other financing sources:			
Installment purchase obligations issued	1,535,719	764,016	(771,703)
Net change in fund balance	$ -	56,088	$ 56,088
Fund balance:			
Beginning of year		878,650	
End of year		$ 934,738	

MONTGOMERY 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	$ 226,000	$ 199,641	$ (26,359)
Other	2,500	911	(1,589)
Total operating revenues	228,500	200,552	(27,948)
Operating expenditures:			
Business support services:			
Purchase of food		1,132,024	
Donated commodities		217,842	
Salaries and benefits		1,982,323	
Indirect costs		160,276	
Materials and supplies		113,080	
Repairs and maintenance		20,180	
Non-capitalized equipment		12,674	
Contracted services		26,163	
Other		16,046	
Capital outlay		5,719	
Total operating expenditures	4,100,560	3,686,327	414,233
Operating loss	(3,872,060)	(3,485,775)	386,285
Nonoperating revenues:			
Federal reimbursements and grants	3,070,000	2,827,947	(242,053)
Federal commodities	220,000	217,842	(2,158)
Indirect costs not paid	220,000	20,030	(199,970)
Interest earned	200	116	(84)
Total nonoperating revenues	3,510,200	3,065,935	(444,265)
Excess (deficiency) of revenues over expenditures	(361,860)	(419,840)	(57,980)
Other financing sources:			
Transfers from other funds	115,000	114,265	(735)
Fund balance appropriated	246,860	-	(246,860)
Net change in fund balance	$ -	(305,575)	$ (305,575)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(9,668)	
Net OPEB asset		1,463	
Net pension liability		115,168	
Net OPEB liability		(294,499)	
Deferred outflows - pension and OPEB		52,981	
Deferred inflows - pension and OPEB		203,966	
Equipment purchases		5,719	
Decrease in compensated absences payable		34,662	
Increase in inventories		16,357	
Change in net position (full accrual)		$ (179,426)	



Statistical Section

STATISTICAL SECTION
(Unaudited)

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

Sections

Financial Trends

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

Operating Information

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

Demographic and Economic Information

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

Debt Capacity

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

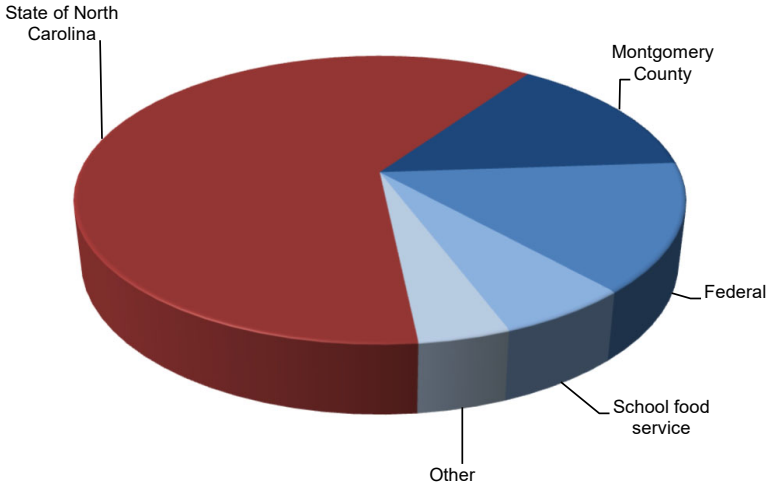
Revenue Capacity

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

MONTGOMERY COUNTY BOARD OF EDUCATION

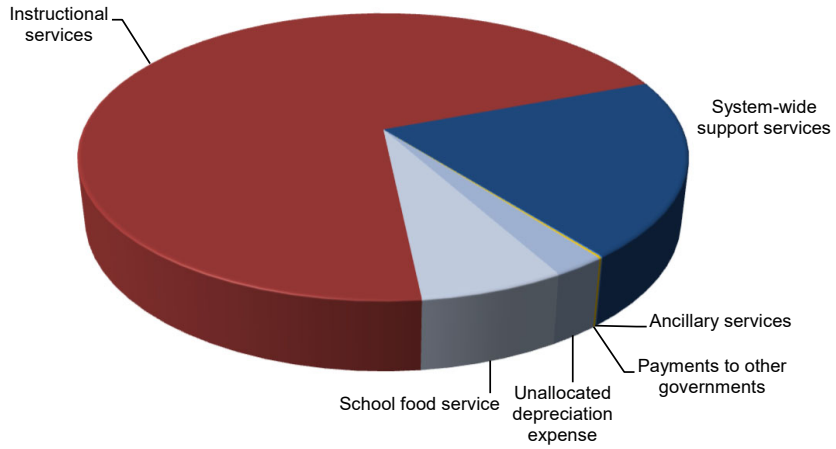
Financial Perspective for
Governmental and Business-type Activities
For Year Ended June 30, 2025

Revenue Sources



State of North Carolina	$	33,465,677
Montgomery County		7,754,316
Federal		7,842,164
School food service		3,246,457
Other		2,234,078
Total revenue sources	$	54,542,692

Expenses



Instructional services	$	38,849,049
System-wide support services		10,966,049
Ancillary services		45,505
Payments to other governments		64,628
Unallocated depreciation expense		1,306,318
School food service		3,540,148
Total expenses	$	54,771,697

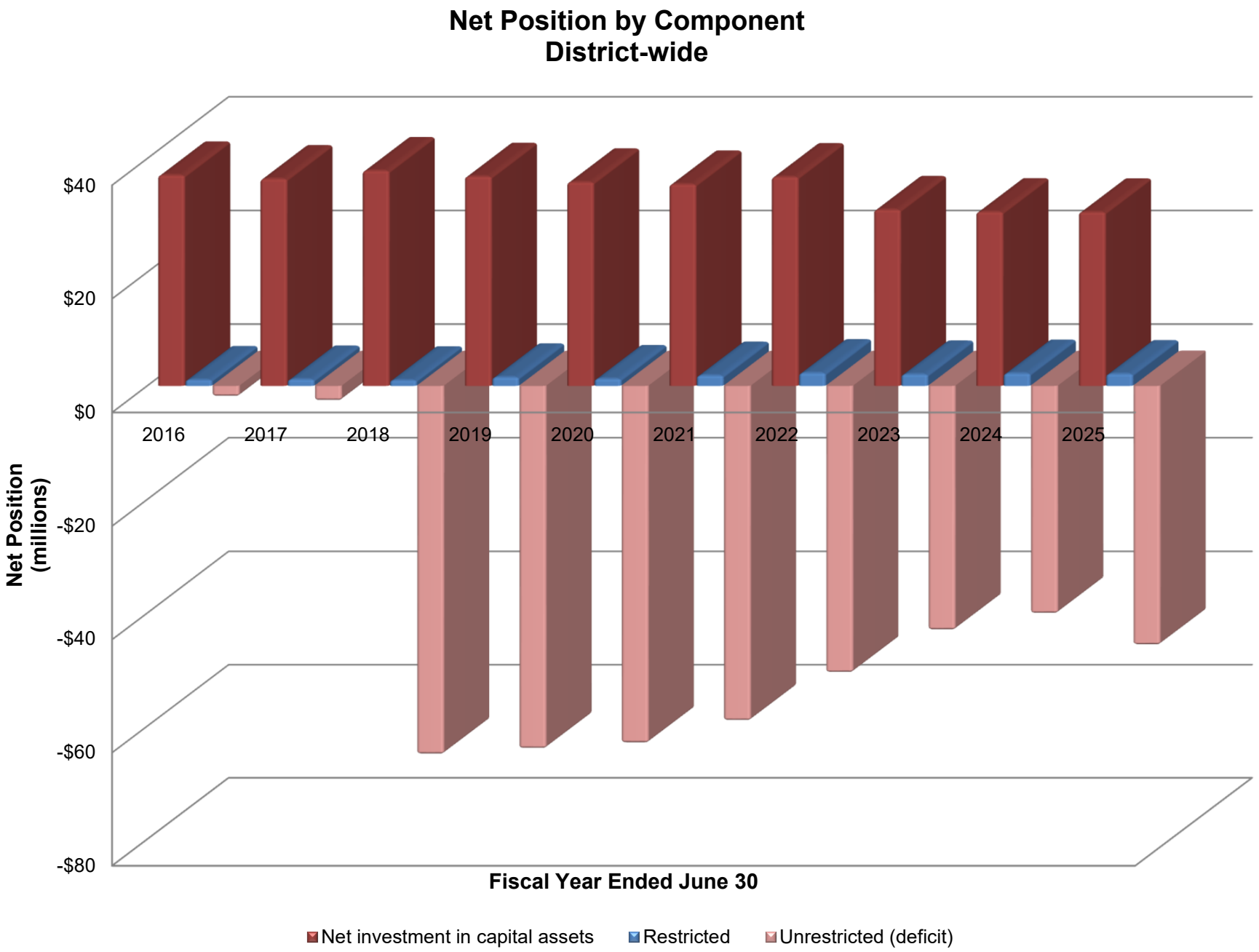
MONTGOMERY COUNTY BOARD OF EDUCATION

Net Position by Component
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	$ 36,932,521	$ 36,317,120	$ 37,788,564	$ 36,802,989	$ 35,838,485	$ 35,451,338	$ 36,730,174	$ 30,964,890	$ 30,567,847	$ 30,538,996
Restricted	1,095,880	1,168,412	1,014,022	1,542,270	1,263,135	1,856,413	2,292,144	2,062,008	2,228,751	2,136,353
Unrestricted (deficit)	(2,721,067)	(3,423,455)	(63,350,793)	(62,447,364)	(61,566,764)	(57,904,686)	(50,185,591)	(42,661,905)	(39,732,040)	(44,896,656)
	$ 35,307,334	$ 34,062,077	$ (24,548,207)	$ (24,102,105)	$ (24,465,144)	$ (20,596,935)	$ (11,163,273)	$ (9,635,007)	$ (6,935,442)	$ (12,221,307)
Business-type activities:										
Investment in capital assets	$ 165,583	$ 134,991	$ 99,779	$ 72,001	$ 40,366	$ 59,338	$ 67,426	$ 59,440	$ 74,644	$ 70,695
Restricted	-	-	6,199	7,015	5,596	4,671	3,949	-	-	2,638
Unrestricted (deficit)	719,904	700,778	(1,727,402)	(1,633,262)	(1,535,844)	(1,244,327)	(455,861)	(454,966)	(456,142)	(857,237)
	$ 885,487	$ 835,769	$ (1,621,424)	$ (1,554,246)	$ (1,489,882)	$ (1,180,318)	$ (384,486)	$ (395,526)	$ (381,498)	$ (783,904)
District-wide:										
Net investment in capital assets	$ 37,098,104	$ 36,452,111	$ 37,888,343	$ 36,874,990	$ 35,878,851	$ 35,510,676	$ 36,797,600	$ 31,024,330	$ 30,642,491	$ 30,609,691
Restricted	1,095,880	1,168,412	1,020,221	1,549,285	1,268,731	1,861,084	2,296,093	2,062,008	2,228,751	2,138,991
Unrestricted (deficit)	(2,001,163)	(2,722,677)	(65,078,195)	(64,080,626)	(63,102,608)	(59,149,013)	(50,641,452)	(43,116,871)	(40,188,182)	(45,753,893)
	$ 36,192,821	$ 34,897,846	$ (26,169,631)	$ (25,656,351)	$ (25,955,026)	$ (21,777,253)	$ (11,547,759)	$ (10,030,533)	$ (7,316,940)	$ (13,005,211)

Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

Note: Net position for 2016 and 2017 are not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).


Net Position by Component
District-wide
$40
$20
$0
-$20
-$40
-$60
-$80
Net Position (millions)
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Fiscal Year Ended June 30
Net investment in capital assets
Restricted
Unrestricted (deficit)

MONTGOMERY COUNTY BOARD OF EDUCATION

Changes in Net Position
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Instructional services	$ 28,785,650	$ 31,454,012	$ 33,147,107	$ 31,489,321	$ 32,304,140	$ 30,626,922	$ 32,346,046	$ 35,060,199	$ 35,431,552	$ 38,849,049
System-wide support services	8,419,380	8,677,782	8,614,814	8,490,415	8,352,086	7,824,709	8,375,709	11,494,529	11,359,833	10,966,049
Ancillary services	4,445	38,651	30,600	17,265	120,898	121,750	195,196	117,331	153,302	45,505
Payments to other governments	-	-	-	96,012	183,516	322,084	327,084	283,904	307,835	64,628
Unallocated depreciation expense	1,225,975	1,220,021	1,219,115	1,227,344	1,260,086	1,255,023	1,274,830	1,226,325	1,263,959	1,306,318
Total governmental activities expenses	38,435,450	41,390,466	43,011,636	41,320,357	42,220,726	40,150,488	42,518,865	48,182,288	48,516,481	51,231,549
Business-type activities:										
School food service	2,943,595	3,070,911	3,197,783	2,782,692	2,659,969	2,100,748	2,810,336	3,261,281	3,540,155	3,540,148
Total district-wide expenses	$ 41,379,045	$ 44,461,377	$ 46,209,419	$ 44,103,049	$ 44,880,695	$ 42,251,236	$ 45,329,201	$ 51,443,569	$ 52,056,636	$ 54,771,697
Program Revenues										
Governmental activities:										
Charges for services:										
Co-curricular services	$ 1,086,741	$ 1,132,352	$ 992,684	$ 1,117,362	$ 896,308	$ 434,405	$ 1,004,097	$ 1,145,901	$ 1,163,943	$ 1,182,139
Other	7,500	5,344	9,375	1,250	-	186,348	229,939	265,465	202,664	159,465
Operating grants and contributions	30,794,571	31,334,553	31,332,828	33,087,650	33,636,634	35,135,229	41,345,316	39,789,641	41,203,963	39,987,924
Capital grants and contributions	186,183	297,486	427,702	366,147	347,429	152,394	162,547	170,024	324,916	442,220
Total governmental activities program revenues	32,074,995	32,769,735	32,762,589	34,572,409	34,880,371	35,908,376	42,741,899	41,371,031	42,895,486	41,771,748
Business-type activities:										
Charges for services:										
Student meal services	498,798	496,413	461,704	471,053	321,706	3,423	192,918	341,534	220,127	200,552
Operating grants and contributions	2,384,496	2,436,409	2,317,967	2,292,597	2,289,759	2,270,523	3,312,078	2,801,649	3,222,524	3,045,789
Total business-type activities program revenues	2,883,294	2,932,822	2,779,671	2,763,650	2,611,465	2,273,946	3,504,996	3,143,183	3,442,651	3,246,341
Total district-wide program revenues	$ 34,958,289	$ 35,702,557	$ 35,542,260	$ 37,336,059	$ 37,491,836	$ 38,182,322	$ 46,246,895	$ 44,514,214	$ 46,338,137	$ 45,018,089
Net (Expense) Revenue										
Governmental activities	$ (6,360,455)	$ (8,620,731)	$ (10,249,047)	$ (6,747,948)	$ (7,340,355)	$ (4,242,112)	$ 223,034	$ (6,811,257)	$ (5,620,995)	$ (9,459,801)
Business-type activities	(60,301)	(138,089)	(418,112)	(19,042)	(48,504)	173,198	694,660	(118,098)	(97,504)	(293,807)
Total district-wide net (expense) revenue	$ (6,420,756)	$ (8,758,820)	$ (10,667,159)	$ (6,766,990)	$ (7,388,859)	$ (4,068,914)	$ 917,694	$ (6,929,355)	$ (5,718,499)	$ (9,753,608)

MONTGOMERY COUNTY BOARD OF EDUCATION
Changes in Net Position (continued)
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	$ 5,145,804	$ 5,344,283	$ 5,283,849	$ 5,263,210	$ 5,329,824	$ 5,556,387	$ 5,337,648	$ 5,862,591	$ 6,329,225	$ 6,569,919
Unrestricted county appropriations - capital	-	388,692	1,283,693	423,482	408,537	1,446,173	2,181,552	1,238,597	868,869	1,184,397
Unrestricted State appropriations - operating	1,267,043	1,092,628	927,331	810,805	710,840	802,728	965,565	923,434	833,609	1,012,085
Unrestricted State appropriations - capital	-	-	-	-	-	-	108,160	-	-	370,908
Unrestricted Federal appropriations - capital	-	-	-	25,887	-	-	-	-	-	-
Investment earnings, unrestricted	28,330	39,429	46,852	42,531	28,799	6,963	3,144	34,876	66,603	71,913
Miscellaneous, unrestricted	531,705	598,715	628,828	714,260	612,091	434,347	715,604	386,928	333,647	315,265
Transfers	(86,184)	(88,273)	(83,782)	(86,125)	(112,775)	(136,277)	(101,045)	(106,903)	(111,393)	(114,265)
Total governmental activities	6,886,698	7,375,474	8,086,771	7,194,050	6,977,316	8,110,321	9,210,628	8,339,523	8,320,560	9,410,222
Business-type activities:										
Investment earnings, unrestricted	97	98	95	95	93	89	127	155	139	116
Transfers	86,184	88,273	83,782	86,125	112,775	136,277	101,045	106,903	111,393	114,265
Total business-type activities	86,281	88,371	83,877	86,220	112,868	136,366	101,172	107,058	111,532	114,381
Total district-wide	$ 6,972,979	$ 7,463,845	$ 8,170,648	$ 7,280,270	$ 7,090,184	$ 8,246,687	$ 9,311,800	$ 8,446,581	$ 8,432,092	$ 9,524,603
Change in Net Position										
Governmental activities	$ 526,243	$ (1,245,257)	$ (2,162,276)	$ 446,102	$ (363,039)	$ 3,868,209	$ 9,433,662	$ 1,528,266	$ 2,699,565	$ (49,579)
Business-type activities	25,980	(49,718)	(334,235)	67,178	64,364	309,564	795,832	(11,040)	14,028	(179,426)
Total district-wide change in net position	$ 552,223	$ (1,294,975)	$ (2,496,511)	$ 513,280	$ (298,675)	$ 4,177,773	$ 10,229,494	$ 1,517,226	$ 2,713,593	$ (229,005)

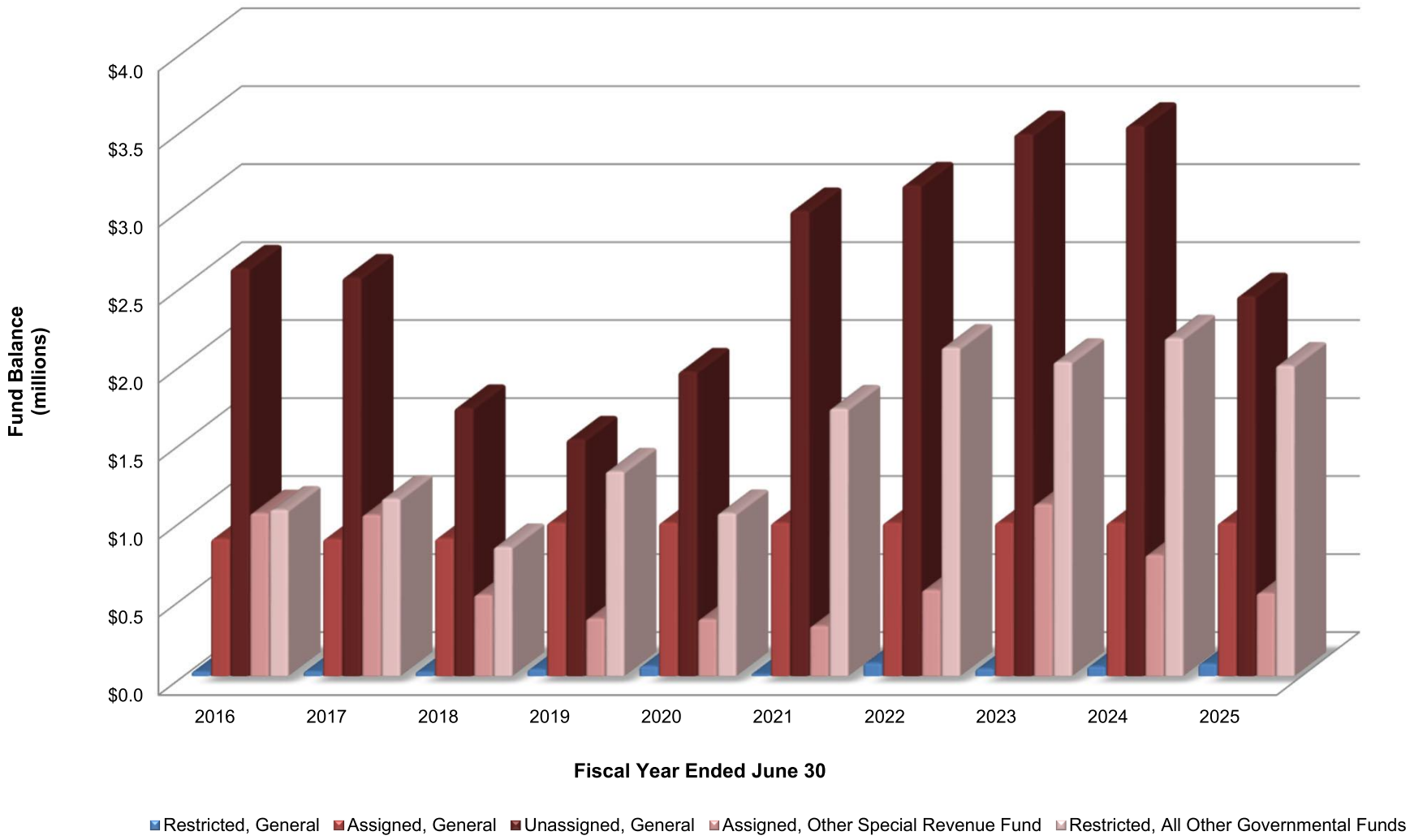
Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

MONTGOMERY COUNTY BOARD OF EDUCATION
Governmental Funds
Fund Balances
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	$ 102,863	$ 141,367	$ 154,955	$ 131,447	$ 113,397	$ 87,059	$ 147,074	$ 106,637	$ 86,981	$ 394,892
Restricted	29,535	31,313	28,503	44,792	64,394	15,919	84,065	48,272	62,578	79,570
Assigned	879,878	879,000	882,382	983,016	983,016	983,016	983,016	983,016	983,016	983,016
Unassigned	2,612,814	2,554,862	1,718,599	1,516,788	1,952,555	2,981,176	3,145,955	3,474,007	3,527,437	2,434,736
Total General Fund	$ 3,625,090	$ 3,606,542	$ 2,784,439	$ 2,676,043	$ 3,113,362	$ 4,067,170	$ 4,360,110	$ 4,611,932	$ 4,660,012	$ 3,892,214
All other governmental funds:										
Restricted	$ 1,066,345	$ 1,137,099	$ 827,900	$ 1,311,954	$ 1,044,733	$ 1,714,914	$ 2,105,438	$ 2,013,736	$ 2,166,173	$ 1,990,518
Assigned, reported in:										
Other Special Revenue Fund	1,044,542	1,033,759	520,797	369,401	365,458	322,157	552,311	1,102,102	777,153	532,520
Total all other governmental funds	$ 2,110,887	$ 2,170,858	$ 1,348,697	$ 1,681,355	$ 1,410,191	$ 2,037,071	$ 2,657,749	$ 3,115,838	$ 2,943,326	$ 2,523,038

Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

Governmental Funds
Fund Balances



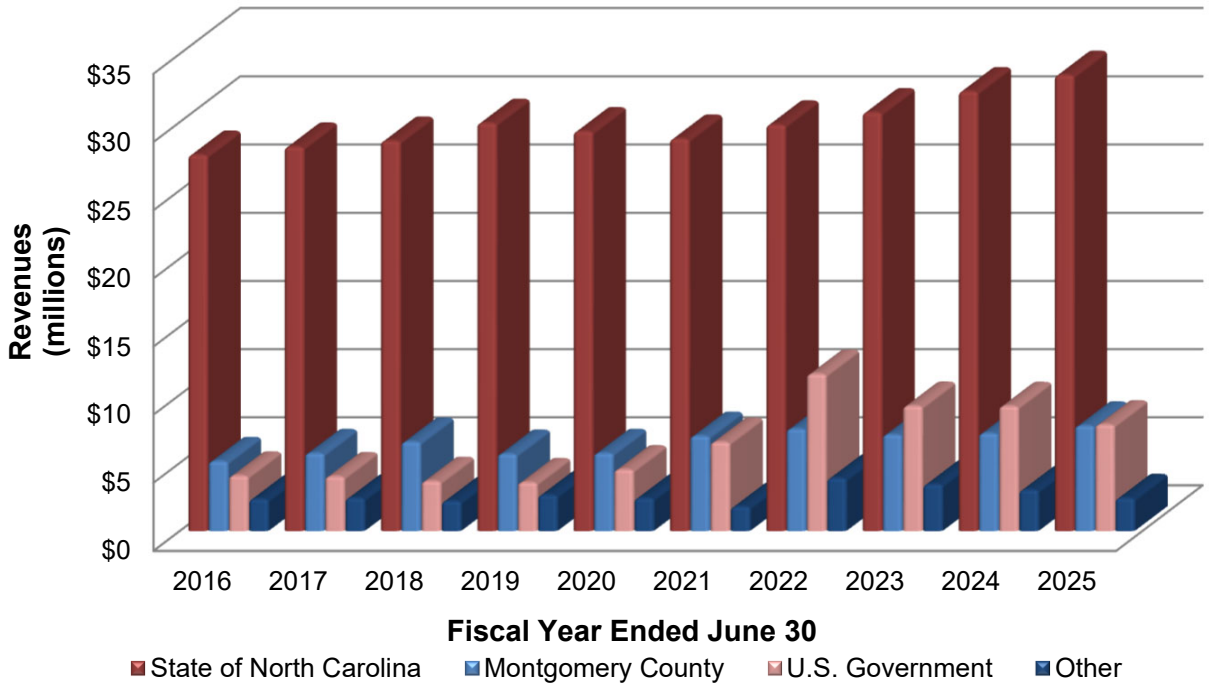
MONTGOMERY COUNTY BOARD OF EDUCATION
Governmental Funds
Changes in Fund Balances
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020
Revenues					
State of North Carolina	$ 27,617,355	$ 28,206,363	$ 28,644,872	$ 29,952,608	$ 29,336,470
Montgomery County	5,145,804	5,732,975	6,567,542	5,686,692	5,738,361
U.S. Government	4,082,428	4,030,054	3,687,977	3,598,774	4,537,927
Other	2,372,299	2,442,218	2,218,166	2,664,742	2,432,971
Total revenues	39,217,886	40,411,610	41,118,557	41,902,816	42,045,729
Expenditures					
Instructional services	30,097,681	30,887,570	31,450,728	32,520,511	32,673,218
System-wide support services	9,083,077	9,283,995	8,753,566	8,316,367	8,075,618
Ancillary services	4,445	38,651	30,600	17,265	120,898
Non-programmed charges	119,808	75,930	85,223	96,012	183,516
Debt service:					
Principal retirement	186,183	297,486	427,702	366,147	347,429
Capital outlay	18,409	428,215	2,465,671	252,619	436,782
Total expenditures	39,509,603	41,011,847	43,213,490	41,568,921	41,837,461
Revenues over (under) expenditures	(291,717)	(600,237)	(2,094,933)	333,895	208,268
Other financing sources (uses)					
Transfers from other funds	-	-	906,101	-	358,537
Transfers to other funds	(86,184)	(88,273)	(989,883)	(86,125)	(471,312)
Installment purchase obligations issued	498,516	691,429	520,863	-	88,712
Insurance proceeds	-	-	-	-	-
Total other financing sources (uses)	412,332	603,156	437,081	(86,125)	(24,063)
Net change in fund balances	$ 120,615	$ 2,919	$ (1,657,852)	$ 247,770	$ 184,205
Ratio of debt service expenditures to total non-capital expenditures	0.48%	0.75%	1.07%	0.89%	0.84%

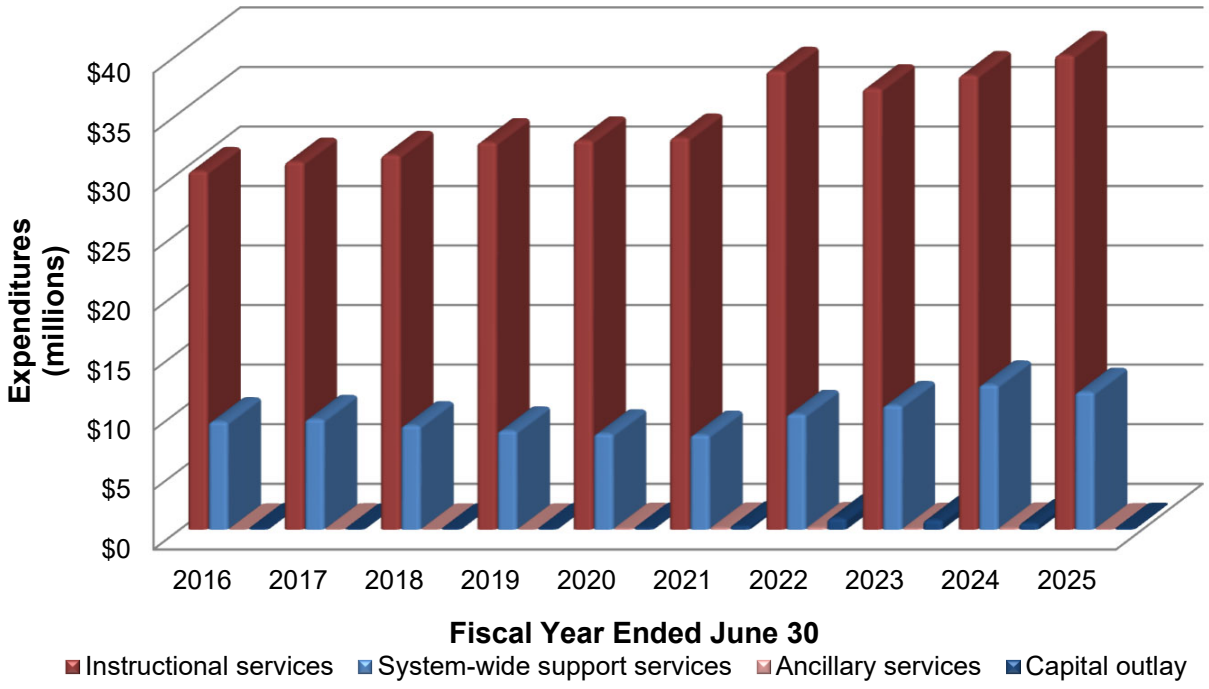
Year Ended June 30	2021	2022	2023	2024	2025
Revenues					
State of North Carolina	$ 28,793,398	$ 29,827,740	$ 30,724,811	$ 32,269,526	$ 33,465,677
Montgomery County	7,002,560	7,519,200	7,101,188	7,198,094	7,754,316
U.S. Government	6,553,222	11,552,669	9,208,405	9,191,594	7,842,164
Other	1,807,541	3,901,946	3,445,799	3,040,313	2,434,930
Total revenues	44,156,721	52,801,555	50,480,203	51,699,527	51,497,087
Expenditures					
Instructional services	32,904,893	38,513,652	37,047,733	38,162,047	39,839,657
System-wide support services	7,964,350	9,706,125	10,447,192	12,169,430	11,563,079
Ancillary services	160,466	195,196	117,331	153,302	45,505
Non-programmed charges	322,084	966,555	831,376	540,440	125,234
Debt service:					
Principal retirement	152,394	162,547	170,024	324,916	442,220
Capital outlay	947,947	2,583,569	1,218,891	1,033,702	1,286,591
Total expenditures	42,452,134	52,127,644	49,832,547	52,383,837	53,302,286
Revenues over (under) expenditures	1,704,587	673,911	647,656	(684,310)	(1,805,199)
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(97,561)	(101,045)	(106,903)	(111,393)	(114,265)
Installment purchase obligations issued	-	280,737	199,678	690,927	764,016
Insurance proceeds	-	-	9,917	-	-
Total other financing sources (uses)	(97,561)	179,692	102,692	579,534	649,751
Net change in fund balances	$ 1,607,026	$ 853,603	$ 750,348	$ (104,776)	$ (1,155,448)
Ratio of debt service expenditures to total non-capital expenditures	0.37%	0.33%	0.35%	0.64%	0.87%

Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

Governmental Funds
Revenues by Source



Governmental Funds
Expenditures by Function



MONTGOMERY COUNTY BOARD OF EDUCATION

Operational Expenditures Per Pupil

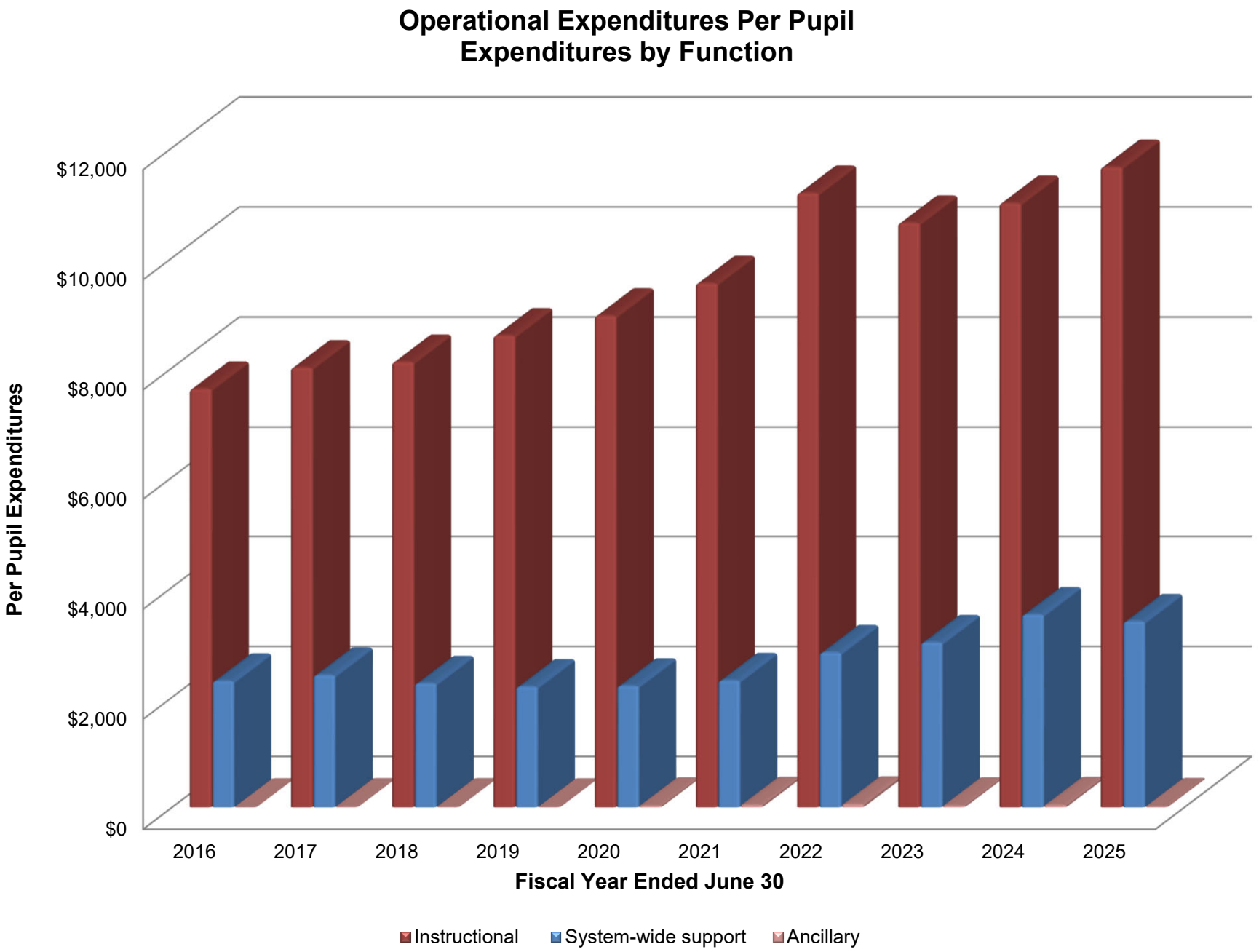
Expenditures by Function

Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Average Daily Membership	3,950	3,857	3,878	3,786	3,651	3,449	3,445	3,483	3,470	3,419
Instructional	$ 7,620	$ 8,008	$ 8,110	$ 8,590	$ 8,949	$ 9,540	$ 11,180	$ 10,637	$ 10,998	$ 11,652
System-wide support	2,300	2,407	2,257	2,197	2,212	2,309	2,817	2,999	3,507	3,382
Ancillary	1	10	8	5	33	47	57	34	44	13
Total expenditures per pupil	$ 9,921	$ 10,425	$ 10,375	$ 10,792	$ 11,194	$ 11,896	$ 14,054	$ 13,670	$ 14,549	$ 15,047

Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

Note: The above operational expenditures per pupil include all governmental funds.


Operational Expenditures Per Pupil
Expenditures by Function
Per Pupil Expenditures
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Fiscal Year Ended June 30
Instructional
System-wide support
Ancillary

MONTGOMERY COUNTY BOARD OF EDUCATION

Proprietary Fund - Food Services Operations

Revenues by Source

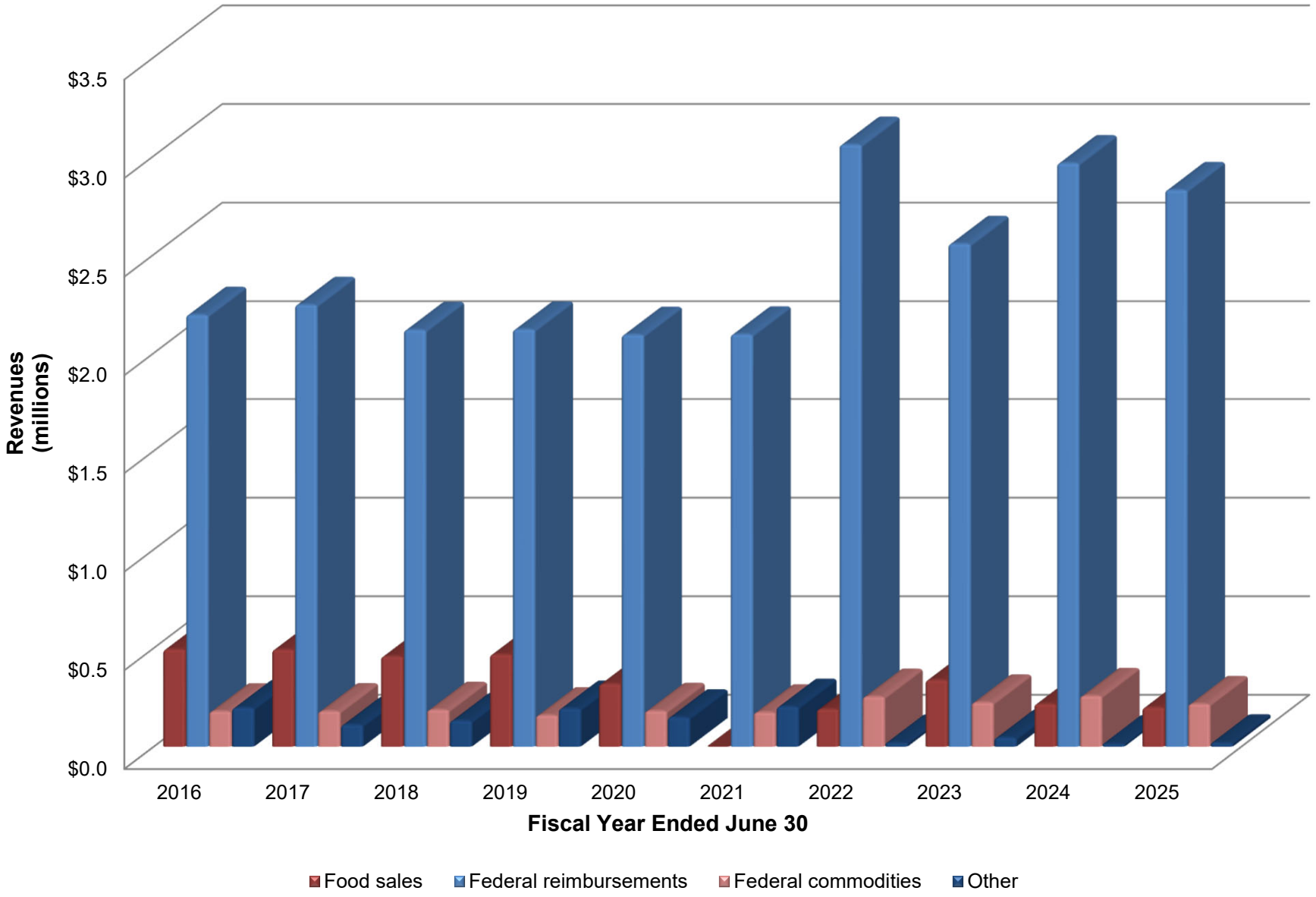
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Food sales	$ 494,412	$ 493,073	$ 458,723	$ 468,819	$ 319,428	$ 1,506	$ 191,329	$ 339,123	$ 217,729	$ 199,641
Federal reimbursements	2,195,007	2,245,852	2,118,279	2,120,813	2,093,806	2,095,770	3,057,704	2,554,929	2,964,004	2,827,947
Federal commodities	180,183	180,798	187,886	160,298	182,433	174,753	254,374	225,053	258,520	217,842
Other	197,680	111,816	132,649	194,287	149,737	203,813	20,673	46,944	16,233	21,057
Total revenues	$ 3,067,282	$ 3,031,539	$ 2,897,537	$ 2,944,217	$ 2,745,404	$ 2,475,842	$ 3,524,080	$ 3,166,049	$ 3,456,486	$ 3,266,487

Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

Note: Other revenue includes interest earned, State reimbursements, indirect costs not paid, and other revenues.

Proprietary Fund - Food Service Operations
Revenues by Source



MONTGOMERY COUNTY BOARD OF EDUCATION

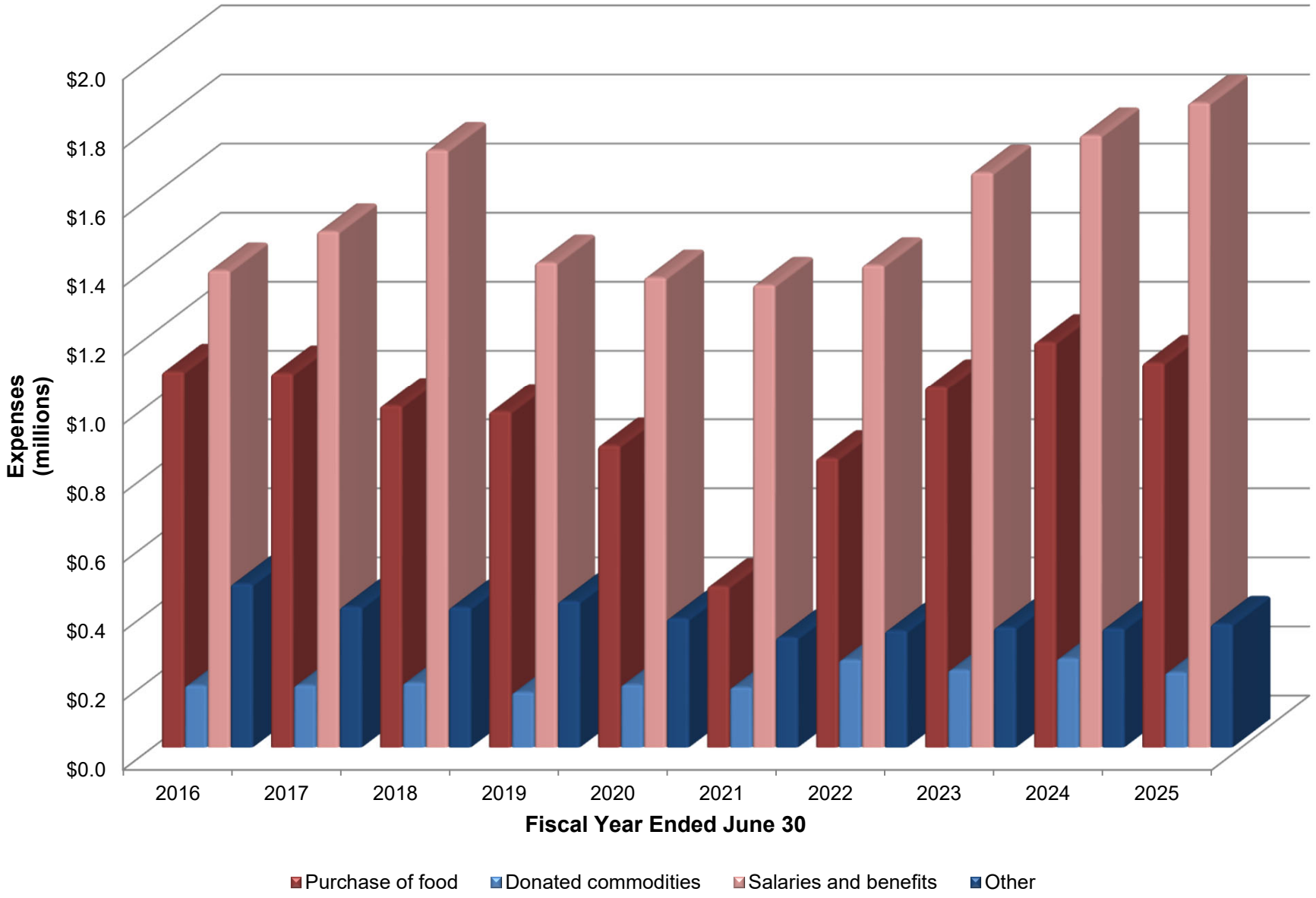
Proprietary Fund - Food Services Operations
Expenses by Category
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Purchase of food	$ 1,090,008	$ 1,084,781	$ 989,912	$ 972,939	$ 874,571	$ 467,053	$ 837,935	$ 1,044,453	$ 1,175,765	$ 1,115,667
Donated commodities	180,183	180,798	187,886	160,298	182,433	174,753	254,374	225,053	258,520	217,842
Salaries and benefits	1,383,172	1,496,598	1,731,843	1,406,247	1,362,744	1,341,506	1,398,375	1,666,321	1,774,368	1,868,582
Other	474,123	407,353	405,913	423,680	374,067	319,243	338,609	348,165	345,198	358,087
Total expenses	$ 3,127,486	$ 3,169,530	$ 3,315,554	$ 2,963,164	$ 2,793,815	$ 2,302,555	$ 2,829,293	$ 3,283,992	$ 3,553,851	$ 3,560,178

Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

Note: Other expense includes indirect costs, materials and supplies, repairs and maintenance, depreciation, and other expenses.

Proprietary Fund - Food Services Operations
Expenses by Category



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

Year Ended June 30	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2025	$ 857,830	$ 857,830	N/A	N/A
2024	536,034	536,034	N/A	$ 20
2023	170,023	170,023	0.014%	7
2022	140,369	140,369	0.012%	5
2021	22,179	22,179	0.002%	1
2020	174,573	174,573	0.016%	7
2019	433,290	433,290	0.044%	16
2018	799,437	799,437	0.082%	29
2017	706,276	706,276	0.076%	26
2016	312,333	312,333	0.033%	11

N/A = Not available

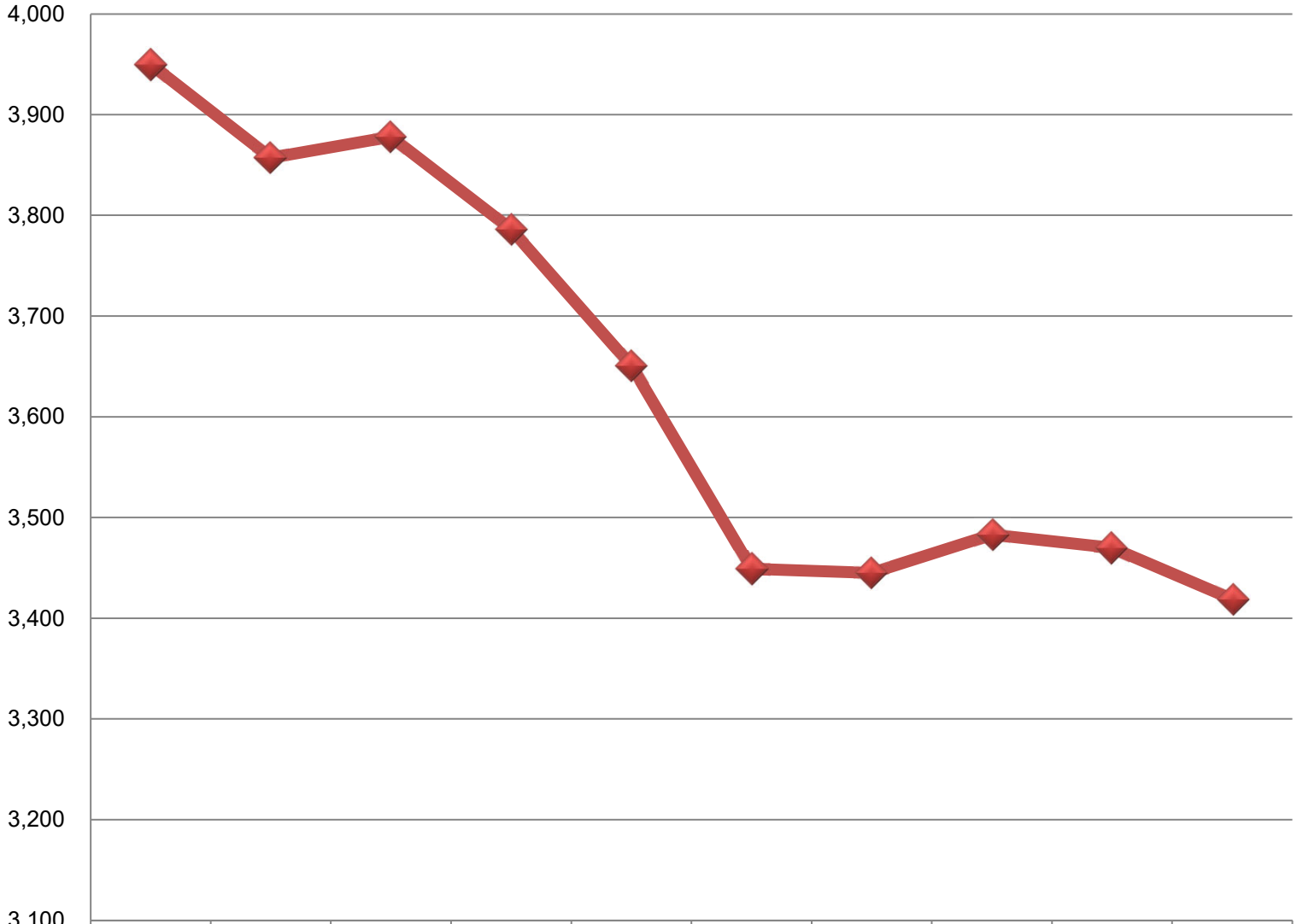
Source: Montgomery County Board of Education, North Carolina, Annual Financial Reports.

Note: Montgomery County School System cannot incur debt without obtaining prior approval from the Board.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2025 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2026, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2024 and June 30, 2025 income based information will be shown above as "N/A", and the June 30, 2024 information will be reported for the year ended June 30, 2026, if applicable.

MONTGOMERY COUNTY BOARD OF EDUCATION
Average Daily Membership
Last Ten Fiscal Years



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Avg Daily Membership	3,950	3,857	3,878	3,786	3,651	3,449	3,445	3,483	3,470	3,419

MONTGOMERY COUNTY BOARD OF EDUCATION

Student Statistics

Last Ten Fiscal Years

Year Ended June 30	Teaching Staff	Students	Teacher/ Pupil Ratio	Student Attendance Percentage[1]	Percentage of Students Receiving Free/Reduced Lunch[2]
2025	179	3,419	1/19	N/A	100.00%
2024	185	3,470	1/19	92.51%	60.54%
2023	238	3,483	1/15	92.33%	79.59%
2022	258	3,445	1/13	91.47%	72.98%
2021	253	3,449	1/14	96.60%	72.98%
2020	243	3,651	1/15	94.88%	74.00%
2019	272	3,786	1/14	94.69%	73.96%
2018	270	3,878	1/14	94.87%	79.15%
2017	251	3,857	1/15	95.47%	75.36%
2016	274	3,950	1/14	95.68%	74.13%

MONTGOMERY COUNTY BOARD OF EDUCATION

Student Statistics (continued)

Last Ten Fiscal Years

Year Ended June 30	Ethnic Distribution Percentage[3]					Graduates[3]	Percentage of Graduates Continuing Education[3]
	White	Black	Asian	Hispanic	Other		
2025	37%	18%	1%	38%	6%	N/A	N/A
2024	37%	19%	2%	37%	5%	293	69%
2023	36%	19%	2%	37%	6%	267	63%
2022	37%	19%	2%	37%	5%	227	58%
2021	37%	20%	2%	37%	4%	259	58%
2020	39%	20%	2%	35%	4%	286	71%
2019	39%	20%	2%	35%	4%	314	72%
2018	41%	19%	2%	34%	4%	279	61%
2017	41%	20%	2%	34%	3%	315	76%
2016	42%	20%	2%	33%	3%	290	70%

Sources:

(1) NC Department of Public Instruction Average Daily Attendance(ADA):Average Daily Membership(ADM) Ratio Reports.

(2) NC Department of Public Instruction Free & Reduced Meals Application Data Reports. Information for 2025 obtained from Montgomery County Board of Education Student Data.

(3) North Carolina Public Schools Statistical Profile (2016-2025 Editions).

Note: This table is a ten year schedule. However, the graduate data for the year ended June 30, 2025 could not be obtained from the North Carolina Department of Public Instruction prior to this report being issued. Therefore, there are only nine years of comparative data noted above.

Note: Percentage of students receiving free/reduced lunch for 2024 and before are not comparable to 2025 due to the implementation of the Community Eligibility Program, which provides free lunch to all students.

MONTGOMERY COUNTY BOARD OF EDUCATION

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

Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Officials, admins, mgrs	9	7	12	13	11	11	14	14	11	12
Principals	11	13	12	12	12	11	11	11	11	11
Asst. Principals, non-teaching	6	5	7	6	7	7	7	6	8	8
Total administrators	26	25	31	31	30	29	32	31	30	31
Elementary teachers	186	144	137	103	138	150	84	82	85	84
Secondary teachers	88	74	74	112	57	55	31	27	21	20
Other teachers	-	33	59	57	48	48	143	129	79	75
Total teachers	274	251	270	272	243	253	258	238	185	179
Guidance	12	13	13	9	11	11	11	10	2	4
Psychological	1	1	2	1	1	1	1	2	2	2
Librarian, audiovisual	3	2	2	2	3	3	7	4	2	3
Consultant, supervisor	28	17	11	2	12	9	8	11	11	9
Other professionals	14	13	21	27	16	22	-	-	24	72
Total professionals	358	322	350	344	316	328	317	296	256	300
Teacher Assistants	72	62	62	54	69	54	56	58	57	61
Technicians	4	17	10	5	6	5	5	5	6	6
Clerical, secretarial	40	40	39	43	41	38	38	39	41	32
Service workers	56	72	89	52	64	56	165	161	154	160
Skilled crafts	15	-	11	14	12	14	9	9	47	40
Laborers, Unskilled	-	2	3	-	-	-	11	10	-	-
Total employees	545	515	564	512	508	495	601	578	561	599

Source: North Carolina Public Schools Statistical Profile (2016-2025 Editions)

MONTGOMERY COUNTY BOARD OF EDUCATION
Instructional Personnel
Last Ten Fiscal Years

Year Ended June 30	Teacher Salaries[1] Minimum	Maximum	Average	Bachelors Degree[2]	Masters Degree[2]	Advanced Degree[2]
2025	$ 42,230	$ 72,314	$ 51,409	180	30	1
2024	40,200	72,080	56,140	159	24	19
2023	39,400	70,740	51,785	161	29	12
2022	39,400	74,480	51,655	203	42	1
2021	35,000	67,948	47,400	199	41	9
2020	35,000	64,700	47,670	199	54	4
2019	35,945	64,700	47,940	206	62	5
2018	35,000	63,440	47,000	203	59	2
2017	35,000	63,480	44,950	227	73	3
2016	35,000	62,260	43,130	214	83	6

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

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

Sources:
(1) Montgomery County Board of Education Payroll Data
(2) North Carolina Public Schools Statistical Profile (2016-2018 Editions). Information for 2019-2025 obtained from Montgomery County Board of Education Personnel Data.

MONTGOMERY COUNTY BOARD OF EDUCATION
School Building Data
June 30, 2025

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
Candor Elementary	1979	553	334	-40%	Good
Green Ridge Elementary	2008	700	239	-66%	Excellent
Mount Gilead Elementary	1979	476	175	-63%	Good
Page Street Elementary	2002	401	249	-38%	Good
Star Elementary	1983	444	248	-44%	Good
Troy Elementary	1979	419	245	-42%	Good
East Middle	1990	598	428	-28%	Good
West Middle	1990	644	340	-47%	Good
Montgomery Learning Academy	1965	100	61	-39%	Fair
Montgomery Central High	2020	1,300	821	-37%	Excellent
Montgomery County Early College[(1)]	N/A	N/A	279	N/A	N/A

N/A = Not Applicable

Source: Montgomery County Board of Education N. C. Public Schools Facility Needs Report; 2025.

Note:
(1) Early College is located at Montgomery Community College

MONTGOMERY COUNTY, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Year Ended June 30	2016	2017	2018	2019	2020
Population estimate (1)	27,418	27,435	27,271	27,173	25,720
Personal income (2)	$941,269,000	$923,506,000	$971,143,000	$983,153,000	$1,071,885,000
Per capita income (2)	$34,330	$33,662	$35,611	$36,181	$41,675
Median age (3)	41.66	41.72	41.85	42.01	42.15
School enrollment (4)	3,950	3,857	3,878	3,786	3,651
Unemployment rate (5)	5.2%	4.3%	4.2%	4.7%	6.6%
Year Ended June 30	**2021**	**2022**	**2023**	**2024**	**2025**
Population estimate (1)	25,798	25,894	26,085	26,364	N/A
Personal income (2)	$1,210,332,000	$1,211,154,000	$1,253,384,250	N/A	N/A
Per capita income (2)	$46,916	$46,774	$48,050	N/A	N/A
Median age (3)	42.16	42.29	41.25	40.97	43.10
School enrollment (4)	3,449	3,445	3,483	3,470	3,419
Unemployment rate (5)	4.8%	4.0%	3.8%	4.4%	4.3%

N/A = Not Available

Sources:
(1) Based upon estimates issued by the U.S. Census Bureau as of July 1
(2) Bureau of Economic Analysis
(3) Office of State Budget and Management
(4) North Carolina Department of Public Instruction
(5) North Carolina Employment Security Commission

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2025 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2026, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2024 and June 30, 2025 income based information will be shown above as "N/A", and the June 30, 2024 information will be reported for the year ended June 30, 2026, if applicable.

MONTGOMERY COUNTY, NORTH CAROLINA
Principal Employers
For Years Ended June 30, 2025 and 2016

	2025			2016		
Employer	**Employees [1]**	**Rank**	**Approximate Percentage of Total County Employment**	**Employees [1]**	**Rank**	**Approximate Percentage of Total County Employment**
Montgomery County Bd Education	500 - 999	1	7%	500 - 999	1	7%
Nipcam Services Of North Carolina	250 - 499	2	4%	100 - 249	9	2%
Jordan Lumber & Supply, Inc.	250 - 499	3	4%	250 - 499	4	3%
Mcrae Industries Inc	250 - 499	4	4%	250 - 499	2	3%
Grede II LLC	250 - 499	5	4%	250 - 499	3	3%
County of Montgomery	250 - 499	6	4%	100 - 249	8	2%
Saputo Cheese Usa Inc	250 - 499	7	4%	-		-
Family First Home Care Llc	250 - 499	8	4%	100 - 249	10	2%
Firsthealth Of The Carolinas Inc	100 - 249	9	2%	-		-
Shg Therapy External Llc	100 - 249	10	2%	-		-
NC Department of Public Safety	-		-	250 - 499	5	3%
Klaussner Furniture Industries	-		-	250 - 499	6	3%
First Bank	-		-	250 - 499	7	3%
			39%			31%
Total County Employment [2]	10,165			11,151		

Sources:

(1) North Carolina Chamber of Commerce - current year data is as of March 31st

(2) North Carolina Employment Security Commission

MONTGOMERY COUNTY, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Governmental Activities: Capitalized Leases	Governmental Activities: Installment Purchases	Governmental Activities: General Obligation Bonds	Business -Type Activities: Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2025	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2024	$ -	$ 65,174,201	$ 1,577,139	$ 7,395,309	$ 74,146,649	N/A	$ 2,812
2023	-	66,517,055	3,165,017	8,237,793	77,919,865	6.22%	2,987
2022	-	67,840,045	4,770,551	9,044,668	81,655,264	6.74%	3,153
2021	-	69,139,852	6,393,402	8,855,812	84,389,066	6.97%	3,271
2020	-	1,670,688	75,699,997	9,006,312	86,376,997	2.57%	3,171
2019	257,500	1,879,523	77,343,669	9,265,690	88,746,382	9.03%	3,266
2018	335,292	2,141,038	78,997,459	9,951,909	91,425,698	9.41%	3,352
2017	409,379	2,449,607	12,990,012	10,795,073	26,644,071	2.89%	971
2016	-	2,775,281	14,647,740	11,622,076	29,045,097	3.09%	1,059

N/A = Not Available

Source: Montgomery County, North Carolina, Annual Financial Reports.

Note: This table is a ten year schedule. However, the annual financial report for the year ended June 30, 2025 could not be obtained from Montgomery County nor their auditors prior to this report being issued. Therefore, there are only nine years of comparative data noted above.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2025 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2026, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2024 and June 30, 2025 income based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2026, if available.

MONTGOMERY COUNTY, NORTH CAROLINA
Principal Property Taxpayers
December 31, 2023 and December 31, 2015

		2023			2015		
Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cube Yadkin Generation Inc.	Utility	$ 123,200,409	1	3.53%	$ 97,194,630	1	3.50%
Jordan Lumber & Supply Inc	Manufacturing	84,860,652	2	2.43%	38,235,580	4	1.38%
Unilin North America LLC	Utility	79,070,927	3	2.26%	47,743,979	3	1.72%
Duke Energy Progress Inc.	Manufacturing	66,469,238	4	1.90%	53,184,657	2	1.91%
Troy Lumber Co.	Manufacturing	51,038,075	5	1.46%	12,618,925	8	0.45%
Mountaire Farms, Inc.	Manufacturing	25,629,611	6	0.73%	13,257,891	6	0.48%
Cabin Creek Solar LLC	Manufacturing	25,270,280	7	0.72%	-		-
Saputo Cheese USA Inc - Troy	Manufacturing	23,940,926	8	0.69%	-		-
Wright Food Groups	Manufacturing	18,912,263	9	0.54%	16,902,409	5	0.61%
Saputo Cheese USA Inc - Biscoe	Manufacturing	17,961,944	10	0.51%	-		-
Redus NC Land, LLC	Real Estate Dev.	-		-	12,963,100	7	0.47%
Randolph EMC	Utility	-		-	10,029,984	9	0.36%
Tillery Tradition, Inc.	Real Estate Dev.	-		-	9,841,365	10	0.35%
		$ 516,354,325		14.77%	$ 311,972,520		11.23%
Total Assessed Valuation		$ 3,492,489,045			$ 2,780,038,190		

Source: Montgomery County Tax Administrator

Note: This table is intended to compare June 30, 2025 data to nine years prior. However, information for the year ended June 30, 2025 could not be obtained from Montgomery County prior to this report being issued. Therefore, June 30, 2024 data is presented above.

MONTGOMERY COUNTY, NORTH CAROLINA
Property Tax Levies and Current Collections
Last Ten Fiscal Years

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2025	N/A	N/A	N/A
2024	$ 21,435,054	$ 20,752,464	96.82%
2023	20,830,050	20,283,698	97.38%
2022	20,234,433	19,734,997	97.53%
2021	19,943,685	19,436,715	97.46%
2020	18,644,624	18,071,030	96.92%
2019	18,365,199	17,857,407	97.24%
2018	18,056,887	17,427,534	96.51%
2017	17,601,921	17,215,292	97.80%
2016	17,327,186	16,891,868	97.49%

N/A = Not Available

Source: Montgomery County Tax Administrator

Note: This table is a ten year schedule. However, the annual financial report for the year ended June 30, 2025 could not be obtained from Montgomery County nor their auditors prior to this report being issued. Therefore, there are only nine years of comparative data noted above.

"21st Century Learning and Teaching"

