




Board of Education of Vance County Schools

**Independent Auditor's Reports, Financial Statements,
and Supplementary Information**

June 30, 2025



Board of Education of Vance County Schools
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Independent Auditor's Report

Board of Education
Vance County Schools
Henderson, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Vance County Schools, North Carolina ("Board"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Board, 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 Fund, Other Restricted, 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 (GAAS) 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 Board, 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.

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 Board's ability to continue as a going concern for 12 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 GAAS 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 GAAS 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 Board'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 Board'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 Teachers' and State Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Board Contributions, on pages 51 through 52, respectively, and the Retiree Health Benefit Fund's Schedules of Proportionate Share of the Net OPEB Liability and Board Contributions, on pages 53 through 54, respectively, and the Disability Income Plan of North Carolina's Schedules of the Proportionate Share of the Net OPEB Asset (Liability) and Board Contributions, on pages 55 through 56, 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 Board's basic financial statements. The individual fund budgetary schedules and the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and the accompanying schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026, on our consideration of the Board'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 Board'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 the Board's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Greensboro, North Carolina
January 28, 2026**

**Board of Education of Vance County Schools
Management's Discussion and Analysis
June 30, 2025**

This section of the Board of Education of Vance County Schools' (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

- Local funding for the district comprises 13.5% of the operating revenues with a slight increase from the prior year of 10.5%. The small percentage increase is a result of additional local funding received for teacher supplements as additional federal funding related to COVID-19 fully ended September 30, 2024. Of the local operating funds, 24.9% is provided to Charter Schools for those Vance County students who attend those schools. There continues to be a shift in those local funds moving to the charter schools to align directly with the students served by each school.
- Fund Balance in the General Fund for the district increased to \$256 thousand. The district continues to right size its staffing and expenditures to match its revenues and student numbers. This is critically important due under the continuing effects of the pandemic reality and the current workforce pressures.

Overview of the Financial Statements

The audited financial statements of the Board consist of four components. They are as follows:

- Independent Auditors' Report
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Required supplemental information section presents schedules for Teachers' and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina

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 (Deficit) and the Statement of Activities. The Statement of Net Position (Deficit) 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, obligations to creditors, and deferred inflows of resources. 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.

**Board of Education of Vance County Schools
Management's Discussion and Analysis
June 30, 2025**

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 (Deficit) 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 (deficit) and how they have changed. Net position (deficit) - the difference between the total of the Board's assets and deferred outflows of resources and the total of the liabilities and deferred inflows of resources - is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net position (deficit) 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.

The Board 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 Restricted Fund, and the Federal Grants Fund.

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

**Board of Education of Vance County Schools
Management’s Discussion and Analysis
June 30, 2025**

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Board’s only proprietary fund is an enterprise fund, School Food Service.

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

Financial Analysis of the Board as a Whole

Net deficit is an indicator of the fiscal health of the Board. Liabilities and deferred inflows exceeded assets and deferred outflows by \$10.3 million as of June 30, 2025. The largest positive component of net deficit is net investment in capital assets of \$42.6 million. Restricted and unrestricted net position (deficit) amounted to \$753 thousand and (\$53.7) million, respectively. The primary reason for the total net deficit and unrestricted net deficit in the current year is the presentation of the board’s proportionate share of the net pension liability and net OPEB liabilities in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net pension liability, net OPEB liabilities, and related components have a \$55 million negative effect to the Board’s overall net deficit.

Following is a summary of the Statement of Net Position (Deficit):

**Table 1
Condensed Statement of Net Position (Deficit)
as of June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 6,692,680	\$ 10,397,003	\$ 1,988,784	\$ 2,291,150	\$ 8,681,464	\$ 12,688,153
Capital assets	47,076,020	46,534,670	221,020	276,661	47,297,040	46,811,331
Total Assets	53,768,700	56,931,673	2,209,804	2,567,811	55,978,504	59,499,484
Deferred outflows of resources	29,649,219	26,501,191	1,639,774	1,280,428	31,288,993	27,781,619
Current liabilities	2,573,605	3,567,067	71,209	191,755	2,644,814	3,758,822
Long-term liabilities	80,686,397	71,494,760	4,094,148	3,520,415	84,780,545	75,015,175
Total Liabilities	83,260,002	75,061,827	4,165,357	3,712,170	87,425,359	78,773,997
Deferred inflows of resources	10,071,485	17,415,950	59,711	415,919	10,131,196	17,831,869
Net investment in capital assets	42,388,837	42,568,465	221,020	276,661	42,609,857	42,845,126
Restricted net position	752,661	2,122,806	-	-	752,661	2,122,806
Unrestricted net deficit	(53,055,066)	(53,736,184)	(596,510)	(556,511)	(53,651,576)	(54,292,695)
Total Net Deficit	\$ (9,913,568)	\$ (9,044,913)	\$ (375,490)	\$ (279,850)	\$ (10,289,058)	\$ (9,324,763)

**Board of Education of Vance County Schools
Management's Discussion and Analysis
June 30, 2025**

The net deficit of the Board's governmental activities increased from \$9 million at June 30, 2024 to \$9.9 million at June 30, 2025, an increase of \$869 thousand. The Board's net investment in capital assets for governmental activities decreased by \$180 thousand during the year, primarily due to depreciation expense in excess of capital expenditures. Restricted net position for governmental activities decreased by \$1.37 million due to decreases in amount restricted for stabilization of state statute. Unrestricted net deficit for governmental activities decreased by \$681 thousand as a result of the changes in the proportionate share of the Teachers' and State Employees' Retirement System plan net pension liability as well as changes to the proportionate share of the Retiree Health Benefit Fund net OPEB liability and deferred outflows and inflows of resources. Restrictions to net position are related to stabilization by state statute, reserves for school capital outlay, and reserves for individual schools. The Board does not believe there are any other restrictions, commitments, or other limitations that will significantly affect fund resources for future use.

The net deficit of business-type activities increased \$95.6 thousand from June 30, 2024 to June 30, 2025. This increase is primarily related to increases in school food service expenditures.

The following table shows the revenues and expenses for the Board for the current fiscal year.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues						
Charges for services	\$ 594,677	\$ 650,724	\$ 119,037	\$ 147,269	\$ 713,714	\$ 797,993
Operating grants and contributions	61,727,020	71,946,563	4,198,551	4,273,052	65,925,571	76,219,615
Capital grants and contributions	-	243,910	-	-	-	243,910
General Revenues						
Unrestricted state and federal appropriations	1,203,735	1,613,205	-	-	1,203,735	1,613,205
Unrestricted county appropriations	10,020,865	9,470,865	-	-	10,020,865	9,470,865
Other revenues	334,629	175,262	-	-	334,629	175,262
Total Revenues	73,880,926	84,100,529	4,317,588	4,420,321	78,198,514	88,520,850
Expenses						
Governmental Activities						
Instructional services	54,607,195	53,981,714	-	-	54,607,195	53,981,714
System-wide support services	15,030,128	18,932,341	-	-	15,030,128	18,932,341
Ancillary services	92,685	494,945	-	-	92,685	494,945
Non-programmed charges	2,861,905	2,544,519	-	-	2,861,905	2,544,519
Interest on long-term debt	250,218	174,299	-	-	250,218	174,299
Unallocated depreciation and amortization expense	2,141,427	2,022,194	-	-	2,141,427	2,022,194
Business-Type Activities						
School food service	-	-	4,474,063	4,075,354	4,474,063	4,075,354
Total Expenses	74,983,558	78,150,012	4,474,063	4,075,354	79,457,621	82,225,366
Excess (Deficiency) before Transfers	(1,102,632)	5,950,517	(156,475)	344,967	(1,259,107)	6,295,484
Transfers in (out)	(45,000)	(45,000)	45,000	45,000	-	-
Change in Net Deficit	(1,147,632)	5,905,517	(111,475)	389,967	(1,259,107)	6,295,484
Net Position (Deficit), Beginning, (2025 restated)	(8,765,936)	(14,950,430)	(264,015)	(669,817)	(9,029,951)	(15,620,247)
Net Deficit, Ending	\$ (9,913,568)	\$ (9,044,913)	\$ (375,490)	\$ (279,850)	\$ (10,289,058)	\$ (9,324,763)

**Board of Education of Vance County Schools
Management's Discussion and Analysis
June 30, 2025**

During the year ended June 30, 2025, governmental activities generated revenues of \$73.9 million and incurred expenses of \$75 million. Overall, revenues decreased by \$10.2 million when compared to the prior year, while expenses decreased \$3.2 million. The decrease in revenues is primarily the result of a decrease in operating grants and contributions of \$10.1 million. Primary sources of revenue were funding from the state of North Carolina, Vance County, and the United States government, which respectively comprised 71.6%, 13.5%, and 10.8% of revenues. As would be expected, the major component of the Board's expenses was instructional services, which accounted for 71.5% of total expenses during the most recent fiscal year. Of the remaining expenses, 19.4% was attributable to system-wide support services.

Business-type activities generated revenue of \$4.3 million and incurred expenses of \$4.5 million, resulting in an increase in the net deficit of \$111 thousand after transfers in of \$45 thousand. This represents a decrease of \$501 thousand in net deficit over the prior year decrease in net deficit of \$492 thousand. This change was caused by an increase as compared to the prior year in salaries and benefits and materials and supplies of \$323 thousand and \$46 thousand, respectively, in excess of a decrease in federal reimbursements of \$108 thousand.

Financial Analysis of the Board's Funds

Governmental funds: The focus of the Board'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 \$6.2 million at June 30, 2025, a (\$2.8) million decrease compared to the prior year. Overall, total revenues decreased by \$10.5 million, or (12.4)%, compared to the prior year while total expenditures decreased by \$8 million. The decrease in revenues is attributable to the decrease in revenues from the U.S. Government of (\$12.7) million. The decrease in expenditures primarily relates to decreases in operational support services expenditures.

For the fiscal year ended June 30, 2025, the Board's General Fund and Other Restricted Fund experienced a net change in fund balance of \$256 thousand and (\$1.7) million, respectively. Specifically related to the General Fund, the local current appropriation increased by \$565 thousand. Expenditures in the General Fund decreased by \$770 thousand due to decreases and reallocations of personnel costs. The Other Restricted Fund recognized a decrease in total revenues of \$138 thousand when compared to the prior year. During the same period, the Board experienced an increase in expenditures of \$1.4 million for the Other Restricted Fund. Of the \$1.4 million increase, \$1.8 million is the result of an increase in instructional services.

The Board's State Public School Fund and Federal Grants Fund recognized changes in revenues of \$1.9 million or 3.9% and (\$12.7) million or (61.5)%, respectively. The decreases in the Federal Grants Fund are primarily attributable to decreased funding provided under the Education Stabilization Fund of \$12.2 million.

The Board's Individual Schools Fund and Capital Outlay Fund had a net change in fund balance of \$2.3 thousand and (\$1.4) million, respectively. In comparison to the prior year, the Individual Schools Fund and Capital Outlay Fund had a net change of (\$3.2) thousand and \$738 thousand, respectively. Revenues in the Individual School Fund decreased \$17 thousand as a result of decreased activity. County capital project revenues are dependent on the Board's ongoing construction activity, financing arrangements with the County, and the general availability of funds from the County. Capital Outlay Fund expenditures increased by \$2.2 million in the current year primarily related to increases in real property and buildings expenditures of \$2.2 million.

Proprietary Funds: The School Food Service Fund incurred an increase in net deficit of \$111 thousand during the year ended June 30, 2025, compared to a decrease in net deficit of \$390 thousand during the prior year, a change of (\$501) thousand. This change was caused by an increase as compared to the prior year in salaries and benefits expense and materials and supplies of \$323 thousand and \$46 thousand, respectively, in excess of a decrease in federal reimbursements of (\$108) thousand.

**Board of Education of Vance County Schools
Management’s Discussion and Analysis
June 30, 2025**

General Fund Budgetary Highlights

Over the course of the year, the Board revised the General Fund budget several times to account for changes in expectations of expenditures. Total budgeted revenues and total budgeted expenditures remain unchanged compared to the initial budget with minor shifts between Instructional Services expenditures, System-Wide Support Services expenditures, and non-programmed charges. The primary reason for these changes were to redistribute the use of County appropriations for current year activities of the Board.

Capital Assets

During the fiscal year ended June 30, 2025, capital assets, net of accumulated depreciation/amortization, increased by \$541 thousand for governmental activities and decreased by \$56 thousand for business-type activities, compared to the prior year. Total depreciation/amortization charges for the year ended June 30, 2025 was \$2.8 million for governmental activities. Total depreciation charges for the year ended June 30, 2025 was \$56 thousand for business-type activities. For more detailed information, please see Capital Assets in Note 3 in the accompanying notes to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 3,579,402	\$ 3,579,402	\$ -	\$ -	\$ 3,579,402	\$ 3,579,402
Construction in progress	-	4,902,263	-	-	-	4,902,263
Buildings and improvements	39,836,595	35,063,642	-	-	39,836,595	35,063,642
Equipment and furniture	1,825,688	1,732,419	221,020	276,661	2,046,708	2,009,080
Right-to-use lease assets	979,114	98,948	-	-	979,114	98,948
Right-to-use subscription assets	113,363	136,929	-	-	113,363	136,929
Vehicles	741,858	1,021,067	-	-	741,858	1,021,067
Total	\$ 47,076,020	\$ 46,534,670	\$ 221,020	\$ 276,661	\$ 47,297,040	\$ 46,811,331

Debt Outstanding

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. During the year ended June 30, 2025, the Board’s outstanding debt increased by \$9.4 million due to increases in the net OPEB liabilities and lease liabilities in the current year. For more detailed information, please see Long-Term Obligations in Note 3 in the accompanying notes to the financial statements.

Economic Factors

- The Board experienced a 3.6% decrease in student average daily membership as compared to the previous fiscal year. The decrease is due to students transferring to charter or private schools or simply moving out of the district. But we continue to see a large transfer of students from a neighboring county which without this would have caused a larger overall decrease. Vance County Schools also gain students from foreign international faculty bringing their families with them and enrolling their children. We are slowly starting to see families move to Vance County from neighboring urban counties such as Wake and Durham due to housing affordability. And Vance County is seeing more in housing starts. This will continue into the years to come and will hopefully bring additional students to our school system along with redistricting as a concentration of housing starts are along the I-85 interstate corridor and its interchanges that cut through the county and the county seat, the City of Henderson.

**Board of Education of Vance County Schools
Management's Discussion and Analysis
June 30, 2025**

- The charter schools in the county and surrounding counties will continue to grow and, as a result, there will be a shift in students. A new charter school is opening in Vance County next school year, 2025-2026, The Sledge Institute. This will make three charter schools in Vance County. And a new charter school is also expected to open next year, 2026-2027 in a neighboring county, Warren County, that could pull students from Vance County School district. A currently established charter in neighboring Granville County is expanding its classes per grade level. Another option families have and is growing in popularity are private schools. With the increase in Opportunity Scholarships from the State General Assembly, more families are able to send their children to private schools.
- Due to our county being considered low wealth related to its ability to fund school districts and infrastructure, our funding remains relatively flat, but with an increase of \$400,000 in operating funding from the County government. This is the fourth increase in funding since 2012. The prior years, 2021-2022, we received our first increase of \$50,000 and in 2022-23 we received \$75,000 additionally. Last fiscal year the county increased our funding by \$288,425. Our district is grateful to the County who recognizes our investment in students. With the continual shift in those fixed resources to charter schools, the Board continues to adjust staffing and expenditures so that they can remain steadfast in its commitment to provide 21st century education to all students and to prepare them for lifelong learning and productive citizenship.
- Local funding is a major source of income for the Board; therefore, Vance County's economic outlook directly affects that of the schools. Vance County's unemployment rate saw an increase from the prior year June 2024 of 6.0% to the current rate for June 2025 of 4.9%. However, it is still well above the state average of 3.7%. Annual taxable sales for the fiscal year totaled \$677 million.
- The General Fund contains the majority of revenue and expenditures for operations of Vance County government. All general ad valorem tax proceeds are directed into this Fund. The county budget for fiscal year 2024-2025 was based on an ad valorem tax rate of \$0.7129 per \$100 of value. The estimated tax base value is \$4,433,128,719 with an estimated collection rate of 97.37%. The Board and Vance County Board of Commissioners collaboratively worked together in developing a plan to address the capital improvement and facility needs of the school system.

Requests for Information

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

John Suther, Chief Finance Officer
Board of Education of Vance County Schools
1724 Graham Avenue
Henderson, NC 27536

Basic Financial Statements

Board of Education of Vance County Schools
Statement of Net Position (Deficit)
June 30, 2025

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 6,183,765	\$ 1,819,342	\$ 8,003,107
Cash and cash equivalents - restricted	184,456	-	184,456
Due from other governments	54,440	90,349	144,789
Internal balances	32,293	(32,293)	-
Receivables	12,315	-	12,315
Inventories	177,741	106,295	284,036
Net OPEB asset	47,670	5,091	52,761
Land and construction in progress	3,579,402	-	3,579,402
Other capital assets, net of depreciation/ amortization	43,496,618	221,020	43,717,638
Total Assets	53,768,700	2,209,804	55,978,504
DEFERRED OUTFLOWS OF RESOURCES	29,649,219	1,639,774	31,288,993
LIABILITIES			
Accounts payable and accrued expenses	333,952	458	334,410
Unearned revenue	111,322	6,369	117,691
Long-term liabilities			
Due within one year	2,128,331	64,382	2,192,713
Due in more than one year	80,686,397	4,094,148	84,780,545
Total Liabilities	83,260,002	4,165,357	87,425,359
DEFERRED INFLOWS OF RESOURCES	10,071,485	59,711	10,131,196
NET POSITION (DEFICIT)			
Net investment in capital assets	42,388,837	221,020	42,609,857
Restricted for			
Stabilization by state statute	99,557	-	99,557
School capital outlay	529,414	-	529,414
Individual schools	123,690	-	123,690
Unrestricted	(53,055,066)	(596,510)	(53,651,576)
Total Net Deficit	\$ (9,913,568)	\$ (375,490)	\$ (10,289,058)

**Board of Education of Vance County Schools
Statement of Activities
Fiscal Year Ended June 30, 2025**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
Instructional services							
Regular instructional	\$ 30,274,367	\$ -	\$ 28,165,516	\$ -	\$ (2,108,851)	\$ -	\$ (2,108,851)
Special populations	7,310,137	-	6,804,284	-	(505,853)	-	(505,853)
Alternative programs	6,686,923	-	5,658,090	-	(1,028,833)	-	(1,028,833)
School leadership	5,527,436	-	5,085,671	-	(441,765)	-	(441,765)
Co-curricular	967,425	-	462,747	-	(504,678)	-	(504,678)
School-based support	3,840,907	455,304	3,715,658	-	330,055	-	330,055
System-wide support services							
Support and development	410,168	-	416,732	-	6,564	-	6,564
Special populations support and development	370,688	-	374,312	-	3,624	-	3,624
Alternative programs and services support and development	376,426	-	329,204	-	(47,222)	-	(47,222)
Technology support services	321,243	-	199,118	-	(122,125)	-	(122,125)
Operational support services	9,841,925	139,373	8,317,654	-	(1,384,898)	-	(1,384,898)
Financial and human resource	2,022,199	-	1,048,428	-	(973,771)	-	(973,771)
Accountability	232,292	-	98,049	-	(134,243)	-	(134,243)
System-wide pupil support	133,533	-	59,097	-	(74,436)	-	(74,436)
Policy, leadership, and public relations	1,321,654	-	769,805	-	(551,849)	-	(551,849)
Ancillary services	92,685	-	69,246	-	(23,439)	-	(23,439)
Non-programmed charges	2,861,905	-	133,696	-	(2,728,209)	-	(2,728,209)
Interest on long-term debt	250,218	-	19,713	-	(230,505)	-	(230,505)
Unallocated depreciation expense, excluding direct depreciation expense charged to programs	2,141,427	-	-	-	(2,141,427)	-	(2,141,427)
Total Governmental Activities	74,983,558	594,677	61,727,020	-	(12,661,861)	-	(12,661,861)
Business-Type Activities							
School food service	4,474,063	119,037	4,198,551	-	-	(156,475)	(156,475)
Total Primary Government	\$ 79,457,621	\$ 713,714	\$ 65,925,571	\$ -	(12,661,861)	(156,475)	(12,818,336)
General Revenues							
Unrestricted county appropriations - operating					9,245,865	-	9,245,865
Unrestricted county appropriations - capital					775,000	-	775,000
Unrestricted State and Federal appropriations - operating					1,203,735	-	1,203,735
Investment earnings, unrestricted					1,895	-	1,895
Miscellaneous, unrestricted					332,734	-	332,734
Total General Revenues					11,559,229	-	11,559,229
Transfers					(45,000)	45,000	-
Total General Revenues and Transfers					11,514,229	45,000	11,559,229
Change in Net deficit					(1,147,632)	(111,475)	(1,259,107)
Net Position, Beginning, As Previously Reported					(9,044,913)	(279,850)	(9,324,763)
Restatement of Beginning Net Position (GASB 101 adoption)					278,977	15,835	294,812
Net Position, Beginning, As Restated					(8,765,936)	(264,015)	(9,029,951)
Net Deficit, Ending					\$ (9,913,568)	\$ (375,490)	\$ (10,289,058)

Board of Education of Vance County Schools
Balance Sheet
Governmental Funds
June 30, 2025

Exhibit 3

	Major Funds					Total Governmental Funds	
	General	State Public School	Federal Grants	Capital Outlay	Individual Schools		Other Restricted
ASSETS							
Cash and cash equivalents	\$ 1,873,694	\$ -	\$ -	\$ 623,893	\$ 124,199	\$ 3,561,979	\$ 6,183,765
Receivables	168	-	-	-	-	12,147	12,315
Due from other funds	32,802	-	-	-	-	-	32,802
Due from other governments	54,440	-	-	-	-	-	54,440
Inventories	130,415	-	-	-	-	47,326	177,741
Cash and cash equivalents - restricted	-	-	-	184,456	-	-	184,456
Total Assets	\$ 2,091,519	\$ -	\$ -	\$ 808,349	\$ 124,199	\$ 3,621,452	\$ 6,645,519
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 130,733	\$ -	\$ -	\$ 167,613	\$ -	\$ 35,606	\$ 333,952
Due to other funds	-	-	-	-	509	-	509
Unearned revenue	-	-	-	111,322	-	-	111,322
Total Liabilities	130,733	-	-	278,935	509	35,606	445,783
Fund Balances							
Nonspendable Inventories Restricted	130,415	-	-	-	-	47,326	177,741
Stabilization by state statute	87,410	-	-	-	-	12,147	99,557
School capital outlay	-	-	-	529,414	-	-	529,414
Individual schools	-	-	-	-	123,690	-	123,690
Assigned	-	-	-	-	-	-	-
Other special programs	-	-	-	-	-	3,526,373	3,526,373
Unassigned	1,742,961	-	-	-	-	-	1,742,961
Total Fund Balances	1,960,786	-	-	529,414	123,690	3,585,846	6,199,736
Total Liabilities and Fund Balances	\$ 2,091,519	\$ -	\$ -	\$ 808,349	\$ 124,199	\$ 3,621,452	
Amounts reported for governmental activities in the Statement of Net Position (Deficit) (Exhibit 1) are different because:							
Net OPEB asset							47,670
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.							47,076,020
Deferred outflows of resources related to pensions							13,418,308
Deferred outflows of resources related to OPEB							16,230,911
Some liabilities, including compensated absences, installment purchase obligations, lease liabilities, and subscription liabilities and are not due and payable in the current period, and therefore are not reported in the funds							(8,179,568)
Net pension liability							(26,245,633)
Net OPEB liabilities							(48,389,527)
Deferred inflows of resources related to pensions							(146,555)
Deferred inflows of resources related to OPEB							(9,924,930)
Net Deficit of Governmental Activities							\$ (9,913,568)

Board of Education of Vance County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2025

Exhibit 4

	Major Funds					Total Governmental Funds	
	State Public		Federal Grants	Capital Outlay	Individual		Other
	General	School			Schools		Restricted
Revenues							
Intergovernmental							
State of North Carolina	\$ -	\$ 51,816,160	\$ -	\$ -	\$ -	\$ 1,152,878	\$ 52,969,038
Vance County							
Local Current Appropriation	9,245,865	-	-	-	-	-	9,245,865
Other	-	-	-	775,000	-	-	775,000
U.S. Government	-	-	7,956,938	-	-	50,857	8,007,795
Other	326,127	-	-	6,627	455,304	2,230,381	3,018,439
Total Revenues	9,571,992	51,816,160	7,956,938	781,627	455,304	3,434,116	74,016,137
Expenditures							
Current							
Instructional services							
Regular instructional	931,596	26,853,301	1,080,288	-	-	1,866,833	30,732,018
Special populations	192,050	5,492,363	1,310,405	-	-	502,218	7,497,036
Alternative programs	114,723	2,303,523	3,353,206	-	-	1,082,857	6,854,309
School leadership	71,108	5,060,392	23,557	-	-	592,820	5,747,877
Co-curricular	53,587	462,710	-	-	453,032	366	969,695
School-based support	74,938	3,540,348	174,333	-	-	174,235	3,963,854
System-wide support services							
Support and development	9,233	400,102	16,507	-	-	-	425,842
Special populations support and development	-	203,494	170,724	-	-	8,302	382,520
Alternative programs and services support and development	4,727	109,487	219,599	-	-	57,745	391,558
Technology support services	8,725	199,080	-	-	-	117,773	325,578
Operational support services	3,227,960	5,389,119	987,806	-	-	229,089	9,833,974
Financial and human resource	749,703	880,339	167,720	-	-	269,221	2,066,983
Accountability	135,036	97,984	-	-	-	7,522	240,542
System-wide pupil support	-	9,429	49,626	-	-	79,863	138,918
Policy, leadership, and public relations	481,505	640,072	129,450	-	-	105,612	1,356,639
Ancillary services	-	5,408	19,237	-	-	13,000	37,645
Nonprogrammed charges	2,878,017	-	133,696	-	-	-	3,011,713
Debt service							
Principal	165,702	111,868	113,212	140,085	-	-	530,867
Interest	230,505	12,141	7,572	-	-	-	250,218
Capital outlay							
Real property and buildings	-	-	-	2,885,960	-	-	2,885,960
Furnishings and equipment	-	-	-	323,086	-	-	323,086
Buses and motor vehicles	-	-	-	47,719	-	-	47,719
Total Expenditures	9,329,115	51,771,160	7,956,938	3,396,850	453,032	5,107,456	78,014,551
Revenues over (under)							
Expenditures	242,877	45,000	-	(2,615,223)	2,272	(1,673,340)	(3,998,414)
Other Financing Sources (Uses)							
Transfers to other funds	-	(45,000)	-	-	-	-	(45,000)
Lease liabilities issued	-	-	-	1,165,359	-	-	1,165,359
Subscription liabilities issued	-	-	-	86,486	-	-	86,486
Total Other Financing Sources (Uses)	-	(45,000)	-	1,251,845	-	-	1,206,845
Net Change in Fund Balances	242,877	-	-	(1,363,378)	2,272	(1,673,340)	(2,791,569)
Fund Balances							
Beginning of year	1,704,529	-	-	1,892,792	121,418	5,266,286	8,985,025
Change in reserve for inventories	13,380	-	-	-	-	(7,100)	6,280
End of Year	\$ 1,960,786	\$ -	\$ -	\$ 529,414	\$ 123,690	\$ 3,585,846	\$ 6,199,736

**Board of Education of Vance County Schools
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 Fiscal Year Ended June 30, 2025**

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (2,791,569)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	6,280
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/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period.	541,874
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	5,509,575
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	2,336,402
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Net OPEB benefit	1,328,110
State OPEB contribution	14,597
The issuance of long-term obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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.	(720,978)
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	(7,162,286)
Loss on disposal of assets	(524)
Compensated absences	(209,113)
Change in Net Position (Deficit) of Governmental Activities	<u><u>\$ (1,147,632)</u></u>

Board of Education of Vance County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Fiscal Year Ended June 30, 2025

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Vance County	9,245,865	9,245,865	9,245,865	-
U.S. Government	-	-	-	-
Other	400,000	400,000	326,127	(73,873)
Total Revenues	<u>9,645,865</u>	<u>9,645,865</u>	<u>9,571,992</u>	<u>(73,873)</u>
Expenditures				
Current				
Instructional services	2,150,992	1,603,931	1,438,002	165,929
System-wide support services	4,995,117	4,767,710	4,616,889	150,821
Ancillary services	-	-	-	-
Nonprogrammed charges	2,499,756	2,878,017	2,878,017	-
Debt service				
Principal	-	165,702	165,702	-
Interest	-	230,505	230,505	-
Total Expenditures	<u>9,645,865</u>	<u>9,645,865</u>	<u>9,329,115</u>	<u>316,750</u>
Revenues over (under) Expenditures	-	-	242,877	242,877
Other Financing Uses				
Operating transfers out	-	-	-	-
Fund balance appropriated	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	242,877	<u>\$ 242,877</u>
Fund Balances				
Beginning of year			1,704,529	
Change in reserve for inventories			<u>13,380</u>	
End of Year			<u>\$ 1,960,786</u>	

Board of Education of Vance County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Fiscal Year Ended June 30, 2025

	Other Restricted			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ 24,626	\$ 1,340,199	\$ 1,152,878	\$ (187,321)
Vance County	878,188	479,393	-	(479,393)
U.S. Government	-	44,196	50,857	6,661
Other	4,758,444	3,266,489	2,230,381	(1,036,108)
Total Revenues	5,661,258	5,130,277	3,434,116	(1,696,161)
Expenditures				
Current				
Instructional services	3,883,841	6,628,035	4,219,329	2,408,706
System-wide support services	870,903	1,327,041	875,127	451,914
Ancillary services	-	13,000	13,000	-
Nonprogrammed charges	906,514	398,795	-	398,795
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	5,661,258	8,366,871	5,107,456	3,259,415
Revenues over (under) Expenditures	-	(3,236,594)	(1,673,340)	1,563,254
Other Financing Uses				
Operating transfers out	-	-	-	-
Fund balance appropriated	-	3,236,594	-	(3,236,594)
Net Change in Fund Balance	\$ -	\$ -	(1,673,340)	\$ (1,673,340)
Fund Balances				
Beginning of year			5,266,286	
Change in reserve for inventories			(7,100)	
End of Year			\$ 3,585,846	

Board of Education of Vance County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Fiscal Year Ended June 30, 2025

Exhibit 6
Page 3 of 4

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ 57,434,729	\$ 53,715,750	\$ 51,816,160	\$ (1,899,590)
Vance County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>57,434,729</u>	<u>53,715,750</u>	<u>51,816,160</u>	<u>(1,899,590)</u>
Expenditures				
Current				
Instructional services	49,783,574	45,470,516	43,712,637	1,757,879
System-wide support services	7,644,717	8,070,817	7,929,106	141,711
Ancillary services	6,438	5,408	5,408	-
Nonprogrammed charges	-	-	-	-
Debt service				
Principal	-	111,868	111,868	-
Interest	-	12,141	12,141	-
Total Expenditures	<u>57,434,729</u>	<u>53,670,750</u>	<u>51,771,160</u>	<u>1,899,590</u>
Revenues over (under) Expenditures	-	45,000	45,000	-
Other Financing Uses				
Operating transfers out	-	(45,000)	(45,000)	-
Fund balance appropriated	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances				
Beginning of year			-	
Change in reserve for inventories			-	
End of Year			<u>\$ -</u>	

Board of Education of Vance County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Fiscal Year Ended June 30, 2025

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Vance County	-	-	-	-
U.S. Government	8,996,597	9,176,295	7,956,938	(1,219,357)
Other	-	-	-	-
Total Revenues	8,996,597	9,176,295	7,956,938	(1,219,357)
Expenditures				
Current				
Instructional services	6,505,634	6,818,474	5,941,789	876,685
System-wide support services	2,236,287	2,015,170	1,741,432	273,738
Ancillary services	19,237	19,237	19,237	-
Nonprogrammed charges	235,439	202,630	133,696	68,934
Debt service				
Principal	-	113,212	113,212	-
Interest	-	7,572	7,572	-
Total Expenditures	8,996,597	9,176,295	7,956,938	1,219,357
Revenues over (under) Expenditures	-	-	-	-
Other Financing Uses				
Operating transfers out	-	-	-	-
Fund balance appropriated	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balances				
Beginning of year			-	
Change in reserve for inventories			-	
End of Year			\$ -	

**Board of Education of Vance County Schools
Statement of Net Position (Deficit)
Proprietary Fund
June 30, 2025**

Exhibit 7

	<u>Enterprise Major Fund School Food Service</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,819,342
Due from other governments	90,349
Inventories	<u>106,295</u>
Total Current Assets	<u>2,015,986</u>
Noncurrent Assets	
Net OPEB asset	5,091
Capital assets	
Furniture, equipment and vehicles, net	<u>221,020</u>
Total Assets	<u>2,242,097</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,639,774</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	458
Due to other funds	32,293
Unearned revenue	6,369
Compensated absences	<u>64,382</u>
Total Current Liabilities	<u>103,502</u>
Noncurrent Liabilities	
Net pension liability	1,205,226
Net OPEB liability	2,862,143
Compensated absences	26,779
Total Noncurrent Liabilities	<u>4,094,148</u>
Total Liabilities	<u>4,197,650</u>
DEFERRED INFLOWS OF RESOURCES	<u>59,711</u>
NET POSITION (DEFICIT)	
Investment in capital assets	221,020
Restricted - DIPNC OPEB plan	7,121
Unrestricted	<u>(603,631)</u>
Total Net Deficit	<u>\$ (375,490)</u>

Board of Education of Vance County Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
Proprietary Funds
Fiscal Year Ended June 30, 2025

Exhibit 8

	<u>Enterprise</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
Operating Revenues	
Food sales	\$ 119,037
Operating Expenses	
Food cost	
Purchase of food	1,731,870
Donated commodities	276,357
Salaries and benefits	2,042,884
Contracted services	8,080
Materials and supplies	119,810
Repairs and maintenance	57,000
Depreciation	55,641
Other	182,421
Total Operating Expenses	<u>4,474,063</u>
Operating Loss	<u>(4,355,026)</u>
Nonoperating Revenues	
Federal reimbursements	3,921,198
Federal commodities	276,357
State OPEB contribution	996
Total Nonoperating Revenues	<u>4,198,551</u>
Income before Transfers	(156,475)
Transfers from other funds	<u>45,000</u>
Change in Net Deficit	<u>(111,475)</u>
Total Net Deficit, Beginning, As Previously Reported	(279,850)
Restatement	<u>15,835</u>
Net Deficit, Beginning, As Restated	<u>(264,015)</u>
Total Net Deficit, Ending	<u>\$ (375,490)</u>

**Board of Education of Vance County Schools
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2025**

Exhibit 9

	<u>Enterprise</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 12,295
Cash paid for goods and services	(2,057,210)
Cash paid to employees for services	(2,140,298)
Net Cash Used by Operating Activities	<u>(4,185,213)</u>
Cash Flows from Noncapital Financing Activities	
Federal and state grants and reimbursements	4,001,064
Cash Flows from Capital and Related Financing Activities	
Proceeds from the sale of capital assets	-
Net Increase in Cash and Cash Equivalents	(184,149)
Cash and Cash Equivalents, Beginning of Year	2,003,491
Cash and Cash Equivalents, End of Year	<u>\$ 1,819,342</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (4,355,026)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	55,641
Federal commodities consumed	276,357
Goods paid by State Public School Fund	45,000
State OPEB contribution	996
Changes in assets and liabilities	
Change in inventories	43,443
Change in net OPEB asset	(5,091)
Change in deferred outflows of resources	(359,346)
Change in accounts payable and accrued expenses	(1,472)
Change in unearned revenues	(106,742)
Change in net pension liability	(175,702)
Change in net OPEB liabilities	758,153
Change in compensated absences payable	(5,216)
Change in deferred inflows of resources	(356,208)
Total adjustments	<u>169,813</u>
Net Cash Used by Operating Activities	<u>\$ (4,185,213)</u>

Noncash Operating Capital and Noncapital Financing Activities

The School Food Service Fund received donated commodities with a value of \$276,357 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8.

During the fiscal year, there were no capital assets contributions to the School Food Service Fund.

During the fiscal year, the State Health Plan transferred assets to the Retiree Health Benefit Fund as a result of cost savings to the State Health Plan. In accordance with GASB 75, the School Food Service Fund recorded \$996 as a nonoperating revenue on Exhibit 8 as a result of this transfer.

The State Public School Fund paid for directors salaries of \$45,000 on behalf of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense on Exhibit 8.

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Board of Education of Vance County Schools (the "Board") 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 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 Vance County, North Carolina ("County"). The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board does not have any component units for which it is financially accountable, and as such, there are no component units included in the accompanying financial statements.

B. Basis of Presentation

Government-Wide Statements: The Statement of Net Position (Deficit) 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 on revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

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.

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

Federal Grants Fund. The Federal Grants Fund is used to account for federal grant monies administered through the Department of Public Instruction.

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

Other Restricted Fund. The Other Restricted Fund is used to account for activities designated for specific purposes and generally not intended for the general K-12 student population of the Board. Funding is primarily from local sources and the U.S. Government.

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 60 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 and subscription-based technology arrangements are reported as other financing sources.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

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 are 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. The Board has authorized the superintendent to transfer appropriations within a fund between sub-functions and objects of expenditure within a function without limitations and without a report to the Board. Amounts may be transferred between purposes of the same fund or between funds with a report on such transfers being required at the next meeting of the Board. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

(1) Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The Short-Term Investment Fund (STIF) is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2025 of 2.1 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

(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. Certain assets of the Capital Outlay Fund are classified as restricted assets because their use is restricted by the energy savings installment purchase obligation.

(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 and Other Restricted Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The General Fund and Other Restricted Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

(4) Capital Assets

Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 15, 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.

Capital assets are tangible and intangible assets. Tangible assets include buildings and improvements, equipment, furniture, and vehicles. It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Intangible assets include right-to-use leased assets and right-to-use subscription-based information technology arrangement assets. Intangible assets follow the same policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service.

Right-to-use subscription-based information technology are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the information technology subscription vendor at the start of the subscription term.

Vance County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales paid for construction costs. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Land and construction in progress are not depreciated. Right-to-use lease assets are amortized on a straight-line basis over the life of the related lease. Right-to-use subscription-based information technology assets are amortized on a straight-line basis over the related subscription term. The other tangible and intangible property, plant, and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

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

Buildings	30 to 50 years
Building improvements	10 to 25 years
Equipment and furniture	3 to 10 years
Vehicles	6 years

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

(5) *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of net position (deficit) will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion - a pension and OPEB-related deferral and contributions made to the plans in the current fiscal year. The statement of net position (deficit) 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 pension and OPEB-related deferrals that meet this criterion.

(6) *Long-Term Obligations*

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

(7) *Compensated Absences*

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. Accumulated vacation is settled in cash, and due when leave time is taken by the employee or at the time of termination, retirement, or death. Sick leave may be accumulated without limit until termination of employment. 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.

A liability for compensated absences is recognized in the government-wide and proprietary fund financial statements when (i) the leave is attributable to service already rendered by the employee; (ii) the leave accumulates and may be carried forward to future periods; and (iii) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means.

The liability is measured based on the employee’s pay rate as of the financial statement date, unless a different rate is more likely than not to be used. Salary-related payments directly and incrementally associated with the leave (e.g., employer share of Social Security and Medicare taxes) are included in the liability measurement. In governmental fund financial statements, compensated absences are recognized as expenditures and liabilities only when payments come due each period.

The Board’s liability for accumulated compensated absences and related payments is recorded in the government-wide and proprietary fund financial statements on a LIFO basis. An estimate has been made based on prior years’ records of the current portion of compensated absences.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

(8) Net Position (Deficit)

Net position (deficit) in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent 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. For purposes of net position classification, expenses are to be spent from restricted net position first, followed by unrestricted net position (deficit).

(9) Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

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

Assigned Fund Balance - portion of fund balance that the Board intends to use for specific purposes.

Other special programs - portion of fund balance that includes carry-over funding for the applicable state and federal programs accounted for in the Other Restricted Fund activities as well as a portion of the fund balance that will be used by Other Restricted Fund activities, as determined by the governing body.

Unassigned Fund Balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance. While governmental funds other than the General Fund do not report positive unassigned fund balance, they do report deficits, if any, in that category.

The Board has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-board of education funds, board of education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

F. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position (Deficit).

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position (deficit) - governmental activities* as reported in the government-wide Statement of Net Position (Deficit). The net adjustment of \$(16,113,304) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 109,657,588
Less accumulated depreciation/amortization	<u>(62,581,568)</u>
Net Capital Assets	<u>47,076,020</u>
Net OPEB asset	47,670
Pension-related deferred outflows of resources	13,418,308
OPEB-related deferred outflows of resources	<u>16,366,335</u>
	<u>29,832,313</u>
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:	
Direct borrowing installment purchases	(3,664,597)
Lease liabilities	(971,617)
Subscription liabilities	(50,969)
Compensated absences	(3,492,385)
Net pension liability	(26,245,633)
Net OPEB liability	(48,389,527)
Deferred inflows of resources related to pensions	(146,555)
Deferred inflows of resources related to OPEB	<u>(10,060,354)</u>
	<u>(93,021,637)</u>
Total Adjustment	<u>\$ (16,113,304)</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

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 (deficit) of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1,643,937 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,321,949
Depreciation/amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,780,075)
New debt, leases, and subscription liabilities issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities	(1,251,845)
Principal payments on leases, subscriptions, and installment purchases are recorded as a use of funds on the fund statements but affect only the statement of net position (deficit) in the government-wide statements	530,867
Contributions to the pension plan in the current fiscal year not included in the Statement of Activities	5,509,575
Contributions to the OPEB plans in the current fiscal year not included in the Statement of Activities	2,336,402
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	6,280
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(7,162,286)
Loss on disposal of assets	(524)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
State OPEB contribution	14,597
Proceeds from disposal of capital assets	-
Net OPEB benefit	1,328,110
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(209,113)
Total Adjustment	\$ 1,643,937

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

G. Defined Benefit Pension Plans and OPEB Plans

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB 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. Stewardship, Compliance, and Accountability

Excess Expenditures over Appropriations

During the fiscal year ended June 30, 2025, the Board reported expenditures within the Capital Outlay Fund that violated state law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance. At the legal level of budgetary control, expenditures for system-wide support services in the Capital Outlay Fund exceeded the amounts appropriated in the budget ordinance by an aggregate amount of \$1,324,108 which was primarily due to the new subscription and lease liabilities entered into in the current fiscal year. Management will amend procedures to ensure compliance with preaudit requirements.

Note 3. 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 financial institutions with a carrying amount of \$8,113,409 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$7,368,062 and \$2,847,228, respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$9,715,290 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. At June 30, 2025, the Board's petty cash totaled \$184.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

(2) Investments

At June 30, 2025, the Board had \$73,970 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is classified as a Level 2 fair value investment.

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The STIF is unrated and is authorized under NC General Statute 147-69.1. The State Treasurer’s STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies, and money market instruments. The Board has no policy on credit risk.

Concentration of Credit Risk. The Board places no limit on the amount the Board may invest in any one issuer.

(3) Receivables

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

	<u>Due from (to) Other Funds</u>	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total</u>
Governmental Activities				
General Fund	\$ 32,802	\$ 54,440	\$ 168	\$ 87,410
Other governmental activities	<u>(509)</u>	<u>-</u>	<u>12,147</u>	<u>11,638</u>
Total Governmental Activities	<u>\$ 32,293</u>	<u>\$ 54,440</u>	<u>\$ 12,315</u>	<u>\$ 99,048</u>
Business-Type Activities				
School Food Service Fund	\$ (32,293)	\$ 90,349	\$ -	\$ 58,056

Internal balances consist of administrative costs due to the General Fund from the School Food Service Fund.

Due from other governments consists of the following:

Governmental Activities		
General Fund	\$ 54,440	Local government fines and forfeitures
Business-Type Activities		
School Food Service Fund	\$ 90,349	Federal funds

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

(4) Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities					
Capital assets not being depreciated/amortized:					
Land	\$ 3,579,402	\$ -	\$ -	\$ -	\$ 3,579,402
Construction in progress	4,902,263	600,300	-	5,502,563	-
Total capital assets not being depreciated/amortized	<u>8,481,665</u>	<u>600,300</u>	<u>-</u>	<u>5,502,563</u>	<u>3,579,402</u>
Capital assets being depreciated/amortized:					
Buildings and improvements	84,504,727	1,116,042	153,011	5,502,563	90,970,321
Equipment and furniture	3,257,141	267,949	918	-	3,524,172
Vehicles	9,250,679	85,813	-	-	9,336,492
Right-to-use lease assets	705,683	1,165,359	-	-	1,871,042
Right-to-use subscription assets	486,098	86,486	196,425	-	376,159
Total capital assets being depreciated/amortized	<u>98,204,328</u>	<u>2,721,649</u>	<u>350,354</u>	<u>5,502,563</u>	<u>106,078,186</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	49,441,085	1,845,652	153,011	-	51,133,726
Equipment and furniture	1,524,722	174,156	394	-	1,698,484
Vehicles	8,229,612	365,022	-	-	8,594,634
Right-to-use lease assets	606,735	285,193	-	-	891,928
Right-to-use subscription assets	349,169	110,052	196,425	-	262,796
Total accumulated depreciation and amortization	<u>60,151,323</u>	<u>2,780,075</u>	<u>349,830</u>	<u>-</u>	<u>62,581,568</u>
Total capital assets being depreciated and amortized, net	<u>38,053,005</u>				<u>43,496,618</u>
Governmental Activity Capital Assets, Net	<u>\$ 46,534,670</u>				<u>\$ 47,076,020</u>
Business-Type Activities					
School Food Service Fund:					
Capital assets being depreciated:					
Equipment and furniture	\$ 1,698,455	\$ -	\$ 21,708	\$ -	\$ 1,676,747
Less accumulated depreciation					
Equipment and furniture	<u>1,421,794</u>	55,641	21,708	-	<u>1,455,727</u>
Business-Type Activities Capital Assets, Net	<u>\$ 276,661</u>				<u>\$ 221,020</u>

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Depreciation was charged to governmental functions as follows:

Unallocated depreciation/amortization	\$ 2,141,427
Regular instructional services	395,245
Operational support services	<u>243,403</u>
Total	<u>\$ 2,780,075</u>

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 law enforcement officers (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.

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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 was 16.79 percent of covered payroll from July 1, 2024 to June 30, 2025. These actuarially determined contribution rates were determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$5,885,310 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Board reported a liability of \$27,450,859 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 liability 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. The Board's proportion was 0.1853% and 0.1812% at June 30, 2025 and June 30, 2024, respectively.

For the year ended June 30, 2025, the Board recognized pension expense of \$7,650,730. At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,473,799	\$ 81,148
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,526,517	-
Changes in proportions and differences between Board contributions and proportionate share of contributions	1,037,632	-
Board contributions subsequent to the measurement date	<u>5,885,310</u>	<u>-</u>
Total	<u>\$ 13,923,258</u>	<u>\$ 81,148</u>

The Board reported \$5,885,310 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, 2025.

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Notes to Financial Statements
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Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows for the year ended June 30:

2026	\$ 2,628,955
2027	5,929,441
2028	(117,065)
2029	<u>(484,531)</u>
Total	<u>\$ 7,956,800</u>

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

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

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

The assumptions used for the December 31, 2023 actuarial valuation are based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic fixed income	7.0%	5.3%
Inflation sensitive	<u>6.0%</u>	4.3%
Totals	<u>100.0%</u>	

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The information above is based on 30-year expectations developed with an investment consulting firm’s 2024 long term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. The discount rate used is consistent with the prior measurement date. 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 6.5 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 (5.5 percent) or 1 percentage point higher (7.5 percent) than the current rate:

	<u>1% Decrease (5.5%)</u>	<u>Discount Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
Net pension liability	\$ 50,355,557	\$ 27,450,859	\$ 8,562,579

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

(b) Other Postemployment Healthcare Benefits

Plan description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the state, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members - eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the state will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. The Board's contractually required contribution rate was 6.99 percent of covered payroll from July 1, 2024 to June 30, 2025. Board contributions to the plan were \$2,450,168 for the year ended June 30, 2025. During the year ended June 30, 2025, the North Carolina State Health Plan ("SHP") contributed \$10.3 million to the Retiree Health Benefit Fund. In accordance with GASB, the Board recognized revenue of \$15,593 as a result of this non-employer contribution.

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RHBF OPEB Liability

At June 30, 2025, Board reported a liability of \$51,251,670 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December, 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2025 and 2024, the Board's proportion was 0.1507% and 0.1477% respectively.

The Board reported \$2,450,168 as deferred outflows of resources related to RHBF OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB benefit as follows for the year ended June 30:

2026	\$ (1,779,533)
2027	338,766
2028	3,616,498
2029	<u>2,643,651</u>
Total	<u>\$ 4,819,382</u>

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

Inflation	2.5%
Salary increases based on service	3.25% to 8.05%, including inflation and productivity factor
Investment rate of return	6.5%
Healthcare cost trend rates:	
Medical	5.0% to 6.0%
Prescription drug	5.0% to 10.0%
Administrative costs	3.0%
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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic fixed income	7.0%	5.3%
Inflation sensitive	<u>6.0%</u>	4.3%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2024 asset, liability, and investment policy study for the North Carolina Retirement Systems, including RHBF. 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 2.38%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.93% at June 30, 2024. 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 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 Board'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:

	<u>1% Decrease (2.93%)</u>	<u>Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Net RHBF OPEB liability	\$ 60,976,223	\$ 51,251,670	\$ 43,443,704

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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 Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease Medical - 5.5%, Pharmacy - 6.0%, Administrative - 2.0%	Healthcare Trend Rates Medical - 6.5%, Pharmacy - 7.0%, Administrative - 3.0%	1% Increase Medical - 7.5%, Pharmacy - 8.0%, Administrative - 4.00%
Net RHBF OPEB liability	\$ 42,304,574	\$ 51,251,670	\$ 62,836,417

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.

(c) *Other Postemployment 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.

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For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

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 \$45,568 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.

DIPNC OPEB Asset

At June 30, 2025, Board reported a asset of \$52,761 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. The total OPEB asset 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, 2025 and 2024, the Board's proportion was 0.1602% and 0.1570%, respectively.

The Board reported \$45,568 as deferred outflows of resources related to DIPNC OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB asset in the year ended June 30, 2026.

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Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows for the year ending June 30:

2026	\$ (14,612)
2027	(8,168)
2028	12,808
2029	6,828
2030	3,710
Thereafter	<u>-</u>
Total	<u>\$ 566</u>

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

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of OPEB plan investment expense, including inflation

Discount rate. The discount rate used to measure the total OPEB asset for the DIPNC was 3% at June 30, 2024. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members.

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 Board'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:

	<u>1% Decrease (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net DIPNC OPEB asset	\$ 47,045	\$ 52,761	\$ 58,768

Common actuarial assumptions for both OPEB plans. The OPEB plans 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 used in the December 31, 2022 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as medical claims and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources Related to OPEB

Following is information related to the proportionate share and OPEB expense:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB (benefit) expense	\$ (1,454,317)	\$ 35,635	\$ (1,418,682)
OPEB liability (asset)	\$ 51,251,670	\$ (52,761)	\$ 51,198,909
State OPEB contribution	\$ (15,593)	\$ -	\$ (15,593)
Proportionate share of the net OPEB liabilities	0.151%	0.160%	
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 417,731	\$ 21,270	\$ 439,001
Changes of assumptions	12,343,496	787	12,344,283
Net difference between projected and actual earnings on pension plan investments	219,622	41,420	261,042
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,803,276	22,396	1,825,672
Employer contributions subsequent to the measurement date	<u>2,450,168</u>	<u>45,568</u>	<u>2,495,736</u>
Total	<u>\$ 17,234,293</u>	<u>\$ 131,441</u>	<u>\$ 17,365,734</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 60,686	\$ 60,686
Changes of assumptions	6,682,169	24,581	6,706,750
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>3,282,571</u>	<u>40</u>	<u>3,282,611</u>
Total	<u>\$ 9,964,740</u>	<u>\$ 85,307</u>	<u>\$ 10,050,047</u>

(2) Payables

Payables as of June 30, 2025 are as follows:

	<u>Vendors</u>
Governmental Activities	
General	\$ 130,733
Other governmental	<u>203,219</u>
Total Governmental Activities	<u>\$ 333,952</u>
Business-Type Activities	
School Food Service	\$ 458

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

(3) Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience (Pension and OPEB)	\$ 2,912,800	\$ 141,834
Changes of assumptions (Pension and OPEB)	12,344,283	6,706,750
Difference between projected and actual earnings on plan investments (Pension and OPEB)	4,787,559	-
Change in proportion and differences between employer contributions and proportionate share of contributions (Pension and OPEB)	2,863,305	3,282,612
Board contributions subsequent to the measurement date (Pension and OPEB)	<u>8,381,046</u>	<u>-</u>
Totals	<u>\$ 31,288,993</u>	<u>\$ 10,131,196</u>

(4) Unearned Revenue

The balance in unearned revenue at year end is composed of the following elements:

Unearned grant revenue (Capital Outlay Fund)	\$ 111,322
School Food Service Fund Prepayments of meals	\$ 6,369

(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 per claim. The Trust has an annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from federal or local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund to the extent that employees are paid from state funds. The Trust has an annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Workers' compensation coverage provides employers' liability insurance of \$1 million per claim for bodily injury incurred in the course of employment.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

The Board also participates in the Public-School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board does not carry supplemental flood insurance in case of natural disasters since there are no Board owned property in flood zones.

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

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

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

(6) Contingent Liabilities

At June 30, 2025, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorneys, the ultimate effect of any outstanding legal matters will not have a material adverse effect on the Board's financial position.

(7) Long-Term Obligations

(a) Leases

The Board has entered into two agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreements ranged in terms from 37 to 60 months and require quarterly or annual payments in accordance with the respective contract. There are no variable payment components of the leases. The lease liability was measured using a discount rate of 4.78%.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 223,078	\$ 54,200	\$ 277,278
2027	236,844	40,434	277,278
2028	251,496	25,781	277,277
2029	127,010	10,183	137,193
2030	133,189	4,003	137,192
	<u>\$ 971,617</u>	<u>\$ 134,601</u>	<u>\$ 1,106,218</u>

(b) Subscription Liabilities

The Board entered into five subscription-based technology arrangements. The subscription-based technology arrangements qualify as other than short-term arrangements under GASB 96 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception.

The agreements were executed with terms ranging from 24 to 36 months, and require annual payments in accordance with the respective contract. There are no variable payment components of the subscription-based technology arrangements. The subscription liabilities were measured using a discount rate ranging from 3.90% to 4.78%.

The future minimum payment obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 50,969	\$ 1,988	\$ 52,957

(c) Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The state has accepted the bid to purchase Thomas Built Buses through a special third-party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. During the fiscal year ended June 30, 2021, the Board entered into an installment purchase contract to finance the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contracts require principal-only payments, due at the beginning of each contract year.

The Board is authorized by state law [G.S.115C-47(28a)] to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. In July 2016, the Board entered into such a contract to reduce the energy costs throughout the school system. The financing contract requires payments for twenty years beginning in the fiscal year 2018 with an interest rate equal to 3.85%.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

The future minimum payments due under these installment purchase contracts as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 259,637	\$ 137,890	\$ 397,527
2027	268,363	127,894	396,257
2028	256,875	117,562	374,437
2029	266,045	107,672	373,717
2030	275,809	97,430	373,239
2031-2035	1,546,517	260,004	1,806,521
2036-2037	791,351	13,906	805,257
	<u>\$ 3,664,597</u>	<u>\$ 862,358</u>	<u>\$ 4,526,955</u>

(d) *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:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Governmental Activities					
Compensated absences	\$ 3,283,272	\$ 209,113	\$ -	\$ 3,492,385	\$ 1,594,647
Net pension liability	28,822,036	-	2,576,403	26,245,633	-
Net OPEB liabilities	37,299,359	11,090,168	-	48,389,527	-
Subscription liabilities	100,025	86,486	135,542	50,969	50,969
Lease liabilities	35,881	1,165,359	229,623	971,617	223,078
Direct placement installment purchases	3,830,299	-	165,702	3,664,597	259,637
Total	<u>\$ 73,370,872</u>	<u>\$ 12,551,126</u>	<u>\$ 3,107,270</u>	<u>\$ 82,814,728</u>	<u>\$ 2,128,331</u>
Business-Type Activities					
Compensated absences	\$ 96,377	\$ -	\$ 5,216	\$ 91,161	\$ 64,382
Net pension liability	1,380,928	(175,702)	-	1,205,226	-
Net OPEB liability	2,103,990	758,153	-	2,862,143	-
Total	<u>\$ 3,581,295</u>	<u>\$ 582,451</u>	<u>\$ 5,216</u>	<u>\$ 4,158,530</u>	<u>\$ 64,382</u>

The change in compensated absences presented above is shown as a net amount as allowed by GASB Statement No. 101. Net pension liability and net OPEB liability for governmental activities are typically liquidated by the State Public School Fund.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

(e) *Interfund Activity*

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

	<u>Amount</u>
From the State Public School Fund to the School Food Service Fund for payroll expenditures	\$ 45,000

(f) *Fund Balance*

The Board has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, state funds, local non-Board funds, Board funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board.

Restrictions for the stabilization by state statute is required by the North Carolina General Statutes. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by state statute”. The formula is “appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

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

Total fund balance - General Fund	\$ 1,960,786
Inventories	(130,415)
Stabilization by State Statute	<u>(87,410)</u>
Remaining fund balance	<u>\$ 1,742,961</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
Encumbrances	\$ -	\$ -

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 monies.

Board of Education of Vance County Schools
Notes to Financial Statements
Year Ended June 30, 2025

Note 5. Change in Accounting Principle

Effective July 1, 2024, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This standard establishes a unified recognition and measurement framework for all types of compensated absences, including vacation leave, sick leave, paid time off, holidays, parental leave, and bereavement leave, and also amends certain previously required disclosures. Under the new standard, liabilities for compensated absences are recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. Additionally, GASB 101 excludes salary-related payments for employer defined benefit contributions.

As a result of implementing GASB 101, the beginning net position of governmental activities and business-type activities were restated to reflect the cumulative effect of the change. The restatement resulted in a decrease in accrued compensated absences liabilities and a corresponding increase in beginning net position as follows:

	<u>Governmental Activities</u>	<u>School Food Service Fund</u>
Beginning net position, as previously reported	\$ (9,044,913)	\$ (279,850)
Cumulative effect of change in accounting principle	<u>278,977</u>	<u>15,835</u>
Beginning net position, as restated	<u>\$ (8,765,936)</u>	<u>\$ (264,015)</u>

Required Supplementary Information

This section contains additional information required by generally accepted accounting principles.

- Schedule of the 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 Proportionate Share of the Net OPEB Liability - Retiree Health Benefit Fund
- Schedule of Board Contributions - Retiree Health Benefit Fund
- Schedule of the Proportionate Share of the Net OPEB Asset (Liability) - Disability Income Plan of North Carolina
- Schedule of Board Contributions - Disability Income Plan of North Carolina

**Board of Education of Vance County Schools
Schedules 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***

Schedule 1

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Board's proportion of the net pension liability	0.1853%	0.1812%	0.1722%	0.1728%	0.1909%	0.2062%	0.2194%	0.2349%	0.2462%	0.2503%
Board's proportionate share of the net pension liability	\$ 27,450,859	\$ 30,202,964	\$ 25,550,913	\$ 8,091,066	\$ 23,060,908	\$ 21,377,702	\$ 21,847,642	\$ 18,634,828	\$ 22,632,000	\$ 9,223,314
Board's covered payroll	\$ 35,345,146	\$ 33,781,380	\$ 31,375,731	\$ 29,010,799	\$ 31,649,963	\$ 33,180,576	\$ 33,995,143	\$ 35,412,850	\$ 36,165,083	\$ 35,782,703
Board's proportionate share of the net pension liability as a percentage of its covered payroll	77.67%	89.41%	81.44%	27.89%	72.86%	64.43%	64.27%	52.62%	62.58%	25.78%
Plan fiduciary net position as a percentage of the total pension liability	85.35%	82.97%	84.14%	94.86%	92.01%	91.89%	89.51%	87.32%	94.64%	98.24%

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

**Board of Education of Vance County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years**

Schedule 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 5,885,310	\$ 6,056,114	\$ 5,784,093	\$ 5,087,670	\$ 4,261,828	\$ 4,071,639	\$ 4,075,221	\$ 3,671,257	\$ 3,539,132	\$ 3,320,031
Contributions in relation to the contractually required contribution	<u>5,885,310</u>	<u>6,056,114</u>	<u>5,784,093</u>	<u>5,087,670</u>	<u>4,261,828</u>	<u>4,071,639</u>	<u>4,075,221</u>	<u>3,671,257</u>	<u>3,539,132</u>	<u>3,320,031</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 35,549,033	\$ 35,345,146	\$ 33,781,380	\$ 31,375,731	\$ 29,010,799	\$ 31,649,963	\$ 33,180,576	\$ 33,995,143	\$ 35,412,850	\$ 36,165,083
Contributions as a percentage of covered payroll	16.56%	17.13%	17.12%	16.22%	14.69%	12.86%	12.28%	10.80%	9.99%	9.18%

**Board of Education of Vance County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund
Last Nine Fiscal Years***

Schedule 3

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.1507%	0.1477%	0.1440%	0.1497%	0.1640%	0.1749%	0.1943%	0.2096%	0.2134%
Board's proportionate share of the net OPEB liability	\$ 51,251,670	\$ 39,361,593	\$ 34,189,741	\$ 46,290,110	\$ 45,495,459	\$ 55,327,794	\$ 55,355,517	\$ 68,727,085	\$ 92,849,888
Board's covered payroll	\$ 35,345,146	\$ 33,781,380	\$ 31,375,731	\$ 29,010,799	\$ 31,649,963	\$ 33,180,576	\$ 33,995,143	\$ 35,412,850	\$ 36,165,083
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	145.00%	116.52%	108.97%	159.56%	143.75%	166.75%	162.83%	194.07%	256.74%
Plan fiduciary net position as a percentage of the total OPEB liability	9.79%	10.73%	10.58%	7.72%	4.40%	3.52%	3.52%	2.41%	2.41%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30. Ten years of data not available.

**Board of Education of Vance County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Retiree Health Benefit Fund
Last Nine Fiscal Years***

Schedule 4

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,450,168	\$ 2,454,675	\$ 2,293,003	\$ 1,937,085	\$ 1,926,185	\$ 2,031,110	\$ 2,079,400	\$ 2,060,400	\$ 2,059,060
Contributions in relation to the contractually required contribution	<u>2,450,168</u>	<u>2,454,675</u>	<u>2,293,003</u>	<u>1,937,085</u>	<u>1,926,185</u>	<u>2,031,110</u>	<u>2,079,400</u>	<u>2,060,400</u>	<u>2,059,060</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 35,549,033	\$ 35,345,146	\$ 33,781,380	\$ 31,375,731	\$ 29,010,799	\$ 31,649,963	\$ 33,180,576	\$ 33,995,143	\$ 35,412,850
Contributions as a percentage of covered payroll	6.89%	6.94%	6.79%	6.17%	6.64%	6.42%	6.27%	6.06%	5.81%

* Ten years of data not available.

**Board of Education of Vance County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Asset (Liability)
Disability Income Plan of North Carolina
Last Nine Fiscal Years***

Schedule 5

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset (liability)	0.1602%	0.1570%	0.1492%	0.1504%	0.1653%	0.1804%	0.1926%	0.2057%	0.2183%
Board's proportionate share of the net OPEB asset (liability)	\$ 52,761	\$ (41,756)	\$ (44,375)	\$ 24,571	\$ 81,313	\$ 77,821	\$ 58,504	\$ 125,742	\$ 135,539
Board's covered payroll	\$ 35,345,146	\$ 33,781,380	\$ 31,375,731	\$ 29,010,799	\$ 31,649,963	\$ 33,180,576	\$ 33,995,143	\$ 35,412,850	\$ 36,165,083
Board's proportionate share of the net OPEB asset (liability) as a percentage of its covered payroll	0.15%	-0.12%	-0.14%	0.08%	0.26%	0.23%	0.17%	0.36%	0.37%
Plan fiduciary net position as a percentage of the net OPEB asset (liability)	114.99%	90.61%	90.34%	105.18%	116.47%	116.37%	116.23%	116.06%	117.06%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30. Ten years of data not available.

**Board of Education of Vance County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Disability Income Plan of North Carolina
Last Nine Fiscal Years***

Schedule 6

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 45,568	\$ 37,786	\$ 33,280	\$ 27,809	\$ 25,952	\$ 43,950	\$ 46,422	\$ 47,679	\$ 134,585
Contributions in relation to the contractually required contribution	<u>45,568</u>	<u>37,786</u>	<u>33,280</u>	<u>27,809</u>	<u>25,952</u>	<u>43,950</u>	<u>46,422</u>	<u>47,679</u>	<u>134,585</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 35,549,033	\$ 35,345,146	\$ 33,781,380	\$ 31,375,731	\$ 29,010,799	\$ 31,649,963	\$ 33,180,576	\$ 33,995,143	\$ 35,412,850
Contributions as a percentage of covered payroll	0.13%	0.11%	0.10%	0.09%	0.09%	0.14%	0.14%	0.14%	0.38%

* Ten years of data not available.

Individual Fund Statements and Schedules

Board of Education of Vance County Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Capital Outlay Fund
Fiscal Year Ended June 30, 2025

Schedule 7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
State of North Carolina			
State appropriations - buses	\$ 458,850	\$ -	\$ (458,850)
Vance County			
General county revenues	1,012,291	775,000	(237,291)
Other			
Interest earned on investment	19	20	1
Miscellaneous	6,607	6,607	-
Total other	6,626	6,627	1
Total Revenues	<u>1,477,767</u>	<u>781,627</u>	<u>(696,140)</u>
Expenditures			
Capital outlay			
Real property and buildings	1,561,852	2,885,960	(1,324,108)
Furniture and equipment	611,092	323,086	288,006
Buses and motor vehicles	47,751	47,719	32
Total capital outlay	2,220,695	3,256,765	(1,036,070)
Debt service			
Principal	458,850	140,085	318,765
Interest	-	-	-
Total debt service	458,850	140,085	318,765
Total Expenditures	<u>2,679,545</u>	<u>3,396,850</u>	<u>(717,305)</u>
Revenues over (under) Expenditures	(1,201,778)	(2,615,223)	(1,413,445)
Other Financing Sources			
Lease liabilities issued	-	1,165,359	1,165,359
Subscription liabilities issued	-	86,486	86,486
Excess of Expenditures over Revenues and Other Sources	(1,201,778)	(1,363,378)	(161,600)
Fund balance appropriated	1,201,778	-	(1,201,778)
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,363,378)</u>	<u>\$ (1,363,378)</u>
Fund Balance			
Beginning of year		1,892,792	
End of Year		<u>\$ 529,414</u>	

Board of Education of Vance County Schools
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
Fiscal Year Ended June 30, 2025

Schedule 8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Food sales	\$ 153,370	\$ 119,037	\$ (34,333)
Operating Expenditures			
Business support services			
Food cost			
Purchase of food		1,688,427	
Donated commodities		276,357	
Salaries and benefits		2,186,294	
Purchase of services		8,080	
Materials and supplies		119,810	
Repairs and maintenance		57,000	
Other		182,421	
Total business support services	<u>5,199,332</u>	<u>4,518,389</u>	<u>680,943</u>
Operating Loss	<u>(5,045,962)</u>	<u>(4,399,352)</u>	<u>646,610</u>
Nonoperating Revenues			
Federal reimbursements		3,921,198	
Federal commodities		276,357	
Total Nonoperating Revenues	<u>5,000,962</u>	<u>4,197,555</u>	<u>(803,407)</u>
Excess of Revenues over (under) Expenditures before Other Financing Sources	<u>(45,000)</u>	<u>(201,797)</u>	<u>(156,797)</u>
Other Financing Sources			
Transfers from other funds	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Excess of Revenues and Other Sources over Expenditures	<u>\$ -</u>	<u>(156,797)</u>	<u>\$ (156,797)</u>
Reconciliation of Modified Accrual to Full Accrual Basis			
Reconciling items			
Depreciation		(55,641)	
State OPEB contribution		996	
Change in inventories		(43,443)	
Change in net OPEB asset		5,091	
Change in deferred outflows of resources		359,346	
Change in net pension liability		175,702	
Change in net OPEB liability		(758,153)	
Change in compensated absences payable		5,216	
Change in deferred inflows of resources		356,208	
Change in Net Deficit (Full Accrual)		<u>\$ (111,475)</u>	

Compliance Section

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

Independent Auditor's Report

Board of Education
Vance County Schools
Henderson, North Carolina

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Vance County Schools, North Carolina ("Board") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated January 28, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Forvis Mazars, LLP

**Greensboro, North Carolina
January 28, 2026**

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

Independent Auditor's Report

Board of Education
Vance County Schools
Henderson, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance and the State Single Audit Implementation Act are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Forvis Mazars, LLP

**Greensboro, North Carolina
January 28, 2026**

Report on Compliance For the Major State Program and Report on Internal Control over Compliance Required by the State Single Audit Implementation Act

Independent Auditor's Report

Board of Education
Vance County Schools
Henderson, North Carolina

Report on Compliance for the Major State Program

Opinion on the Major State Program

We have audited the Board of Education of Vance County Schools, North Carolina ("Board") compliance with the types of compliance requirements described in *the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Board's major state program for the year ended June 30, 2025. The Board's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2025.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in *the Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Our responsibilities under those applicable sections of the Uniform Guidance and the State Single Audit Implementation Act are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Forvis Mazars, LLP

**Greensboro, North Carolina
January 28, 2026**

Note 1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None reported

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

<u>Federal Assistance Listing</u>	<u>Names of Federal Program or Cluster</u>
84.010	Title I
84.424	Student Support and Academic Enrichment Program

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

Auditee qualified as low-risk auditee? Yes No

State Awards

Internal control over major state programs:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified? Yes X None reported

Type of auditors' report issued on compliance for major state programs:

Unmodified

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

 Yes X No

Dollar threshold used to determine a major state project:

\$ 500,000

Auditee qualified as a state low-risk auditee?

 X Yes No

Identification of major state programs:

Program Name

State Public School Fund

Note 2. Financial Statement Findings

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

Note 3. Federal Award Findings and Questioned Costs

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

Note 4. State Award Findings and Questioned Costs

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

There were no findings or questioned costs related to the audit of federal and state awards for the fiscal year ended June 30, 2024.

**Board of Education of Vance County Schools
Schedule of Expenditures of Federal and State Awards
Fiscal Year Ended June 30, 2025**

**Schedule 11
(2 pages)**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Expenditures	Passed- Through to Subrecipients
Federal Grants				
U.S. Department of Agriculture				
School Nutrition Program				
<u>Child Nutrition Cluster</u>				
Non-Cash Assistance (Commodities)				
Passed-through the N.C. Department of Public Instruction				
National School Lunch Program				
	10.555	PRC 035	\$ 276,357	\$ -
Total Non-Cash Assistance			<u>276,357</u>	<u>-</u>
Cash Assistance				
Passed-through the N.C. Department of Public Instruction				
School Breakfast Program				
	10.553	PRC 035	1,018,043	-
National School Lunch Program				
	10.555	PRC 035	2,817,996	-
Summer Food Service Program for Children				
	10.559	PRC 050	85,159	-
Total Cash Assistance			<u>3,921,198</u>	<u>-</u>
Total Child Nutrition Cluster			<u>4,197,555</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>4,197,555</u>	<u>-</u>
U.S. Department of Education				
Passed-through the N.C. Department of Public Instruction				
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)				
	84.010	PRC 050	3,208,682	-
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements				
	84.010	PRC 105, 115	195,596	-
Total Title I Grants to Local Educational Agencies (Title I)			<u>3,404,278</u>	<u>-</u>
<u>Special Education Cluster</u>				
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped				
	84.027	PRC 060	1,299,747	-
Targeted Assistance				
	84.027	PRC 070	54,357	-
Special Needs Targeted Assistance				
	84.027	PRC 118	8,731	-
Special Education - Preschool Grants (IDEA Preschool) - Preschool Targeted Assistance				
	84.173	PRC 119	2,089	-
Preschool Handicapped				
	84.173	PRC 049	56,769	-
Total Special Education Cluster			<u>1,421,693</u>	<u>-</u>
Migrant Education State Grant Program				
	84.011	PRC 051	57,380	-
Career and Technical Education - Capacity Building Grant				
	84.048	PRC 017	146,446	-
State Personnel Development				
	84.323	PRC 082	2,142	-
Rural Education				
	84.358	PRC 109	134,623	-
English Language Acquisition Grant				
	84.365	PRC 104, 111	32,577	-
Supporting Effective Instruction State Grants				
	84.367	PRC 103	439,518	-
Student Support and Academic Enrichment Program				
	84.424	PRC 108, 145	860,171	-
COVID-19 Education Stabilization Fund				
K-12 Emergency Relief Fund - ESSER III				
	84.425U	PRC 181	1,260,613	-
Summer Career Accelerator Program - ESSER III				
	84.425U	PRC 188	90,618	-
Math Enrichment Programs - ESSER III				
	84.425U	PRC 189	381	-
NC Preschool Pyramid Expansion - ESSER III				
	84.425U	PRC 190	46,747	-
District and School Turnaround Grants - ESSER III				
	84.425U	PRC 195	7,942	-
National Board for Professional Teaching Standards Reimbursement - ESSER III				
	84.425U	PRC 198	475	-
Driver Training - ESSER III				
	84.425U	PRC 205	1,708	-
Total COVID-19 Education Stabilization Fund			<u>1,408,484</u>	<u>-</u>
Total U.S. Department of Education			<u>7,907,312</u>	<u>-</u>
Centers for Disease Control and Prevention				
Direct Program				
Improving Health, Academic Achievement, and Well-Being of Students				
	93.981	PRC 059	49,626	-
U.S. Department of Defense				
Direct Program				
ROTC				
	NONE	PRC 301	57,304	-
Total Federal Assistance			<u>12,211,797</u>	<u>-</u>

**Board of Education of Vance County Schools
Schedule of Expenditures of Federal and State Awards
Fiscal Year Ended June 30, 2025**

**Schedule 11
(2 pages)**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Expenditures	Passed- Through to Subrecipients
State Grants				
Cash Assistance				
<u>N.C. Department of Public Instruction</u>				
State Public School Fund			\$ 50,343,385	\$ -
Driver Training - SPSF		PRC 012	144,645	-
School Technology Fund - SPSF		PRC 015	47,010	-
Career and Technical Education				
- State Months of Employment		PRC 013	1,243,140	-
- Program Support Funds		PRC 014	37,980	-
Total N.C. Department of Public Instruction			<u>51,816,160</u>	<u>-</u>
<u>N.C. Department of Health and Human Services</u>				
Division of Child Development				
State School Nurse Initiative			1,349	-
NC Pre-Kindergarten Program			1,138,169	275,601
Total N.C. Department of Health and Human Services			<u>1,139,518</u>	<u>275,601</u>
<u>N.C. FFA Association</u>				
CTE Grants for Agriculture			80,942	-
Total State Assistance			<u>53,036,620</u>	<u>275,601</u>
Total Federal and State Assistance			<u>\$ 65,248,417</u>	<u>\$ 275,601</u>

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Account Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

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

Note 4: Non-Cash Assistance

Included in the amounts reported on the SEFSA, the Board received non-cash assistance in the form of food commodities. Non-cash items with a fair value of \$276,357 were received during the year ended June 30, 2025. These non-cash items received were included in the determination of federal and state awards expended for the year ended June 30, 2025.