DARE COUNTY
BOARD OF EDUCATION
Nags Head, North Carolina

Financial Statements
For the Fiscal Year Ended
June 30, 2024

DARE COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS

Exhibit		Page No.
	Independent Auditor's Report	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	11
2	Statement of Activities	12
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	13
3	Reconciliation of the Balance Sheet to the Statement of Net Position	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
6	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Annually Budgeted Major Special Revenue Funds	17
7	Statement of Net Position - Proprietary Fund Types	21
8	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Types	22
9	Statement of Cash Flows - Proprietary Fund Types	23
	Notes to the Basic Financial Statements	25
	Required Supplementary Information:	
	Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System	49
	Schedule of Board Contributions – Teachers' and State Employees' Retirement System	50
	Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	51
	Schedule of Board Contributions – Retiree Health Benefit Fund	52
	Schedule of the Board's Proportionate Share of the Net OPEB Liability (Asset) – Disability Income Plan of North Carolina	53
	Schedule of Board Contributions – Disability Income Plan of North Carolina	54
	Individual Fund Budgetary and Other Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	55
	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Individual Schools Fund	57
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund	58
	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund	59
	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Child Care Fund	60

Page No.

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* 61

Report on compliance for each major federal program and report on internal control over compliance required by the Uniform Guidance and the State Single Audit Implementation Act 63

Report on compliance for each major State program and report on internal control over compliance required by the Uniform Guidance and the State Single Audit Implementation Act 65

Schedule of findings and questioned costs 67

Corrective action plan 70

Summary schedule of prior audit findings 71

Schedule of expenditures of federal and State awards 72

A S W ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Dare County Board of Education
Nags Head, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Board of Education, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Dare County Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Board of Education, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Current Expense funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dare County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Dare County Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dare County Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dare County Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liabilities (Assets) and the Schedules of Board Contributions on pages 49 through 54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024, on our consideration of the Dare County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dare County Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dare County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 22, 2024
Rockingham, North Carolina
(910) 997-1418

This section of the Dare County Board of Education's (the "Board"*)* financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2024. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- For the fiscal year ended June 30, 2024, the Board's total government-wide net position decreased by $3.9 million. Governmental activities net position decreased by $3.5 million while business-type activities net position decreased by $402 thousand from the prior year.
- Total governmental activities restricted net position decreased by $897 thousand from the prior year.
- The Board's total government-wide unrestricted net position at June 30, 2024 increased by $655 thousand over the prior year.

Overview of the Financial Statements

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

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

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

The second set of statements included in the basic financial statements is the *Fund Financial Statements,* which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near-term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting.

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

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the

Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

The government-wide statements are shown as Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds - not the unit as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

Dare County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Other Current Expense Fund and the Federal Grants Fund. The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Dare County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $45.0 million as of June 30, 2024 as compared to $48.9 million as of June 30, 2023.

Following is a summary of the Statement of Net Position at June 30, 2024 and 2023:

Table 1
Condensed Statement of Net Position
As of June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Current and other assets	$ 6,908,355	$ 7,230,718	$ 1,017,522	$ 1,565,741	$ 7,925,877	$ 8,796,459
Capital assets	115,687,646	119,388,396	295,992	294,502	115,983,638	119,682,898
Total assets	122,596,001	126,619,114	1,313,514	1,860,243	123,909,515	128,479,357
Deferred outflows of resources	34,974,730	33,099,638	993,849	921,952	35,968,579	34,021,590
Current liabilities	2,374,902	2,421,870	405,564	577,881	2,780,466	2,999,751
Long-term liabilities	91,385,189	82,881,958	2,627,118	2,339,499	94,012,307	85,221,457
Total liabilities	93,760,091	85,303,828	3,032,682	2,917,380	96,792,773	88,221,208
Deferred inflows of resources	17,624,377	24,717,711	500,818	688,481	18,125,195	25,406,192
Net investment in capital assets	115,589,974	119,262,111	295,992	294,502	115,885,966	119,556,613
Restricted net position	2,324,475	3,221,515	-	-	2,324,475	3,221,515
Unrestricted net position (deficit)	(71,728,186)	(72,786,413)	(1,522,129)	(1,118,168)	(73,250,315)	(73,904,581)
Total net position (deficit)	$ 46,186,263	$ 49,697,213	$ (1,226,137)	$ (823,666)	$ 44,960,126	$ 48,873,547

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities decreased $3.5 million during the year to $46.2 million at June 30, 2024, indicating a decline in the financial condition of the Board. Restricted net position decreased by $897 thousand and unrestricted net position increased $1.1 million over the prior year. Net investment in capital assets decreased $3.7 million due to an excess of depreciation expense over capital additions for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 3 of the financial statements for more details regarding these plans.

Net position of the Board's business-type activities decreased $402 thousand during the year. This is the combined net loss incurred by our school food service and child care operations during the 2024 fiscal year.

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

Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Revenues:						
Program revenues:						
Charges for services	$ 1,677,125	$ 1,708,671	$ 1,158,154	$ 982,788	$ 2,835,279	$ 2,691,459
Operating grants and contributions	46,651,384	44,284,121	1,495,867	1,507,250	48,147,251	45,791,371
Capital grants and contributions	171,163	173,861	-	-	171,163	173,861
General revenues:						
County appropriations	30,685,910	24,666,873	-	-	30,685,910	24,666,873
Other revenues	900,497	812,581	207,927	631,601	1,108,424	1,444,182
Total revenues	80,086,079	71,646,107	2,861,948	3,121,639	82,948,027	74,767,746
Expenses:						
Governmental activities:						
Instructional services	60,843,688	52,004,433	-	-	60,843,688	52,004,433
System-wide support services	18,153,938	14,947,721	-	-	18,153,938	14,947,721
Ancillary services	157,227	50,869	-	-	157,227	50,869
Payments to other governments	99,256	58,540	-	-	99,256	58,540
Unallocated depreciation	4,295,444	4,329,712	-	-	4,295,444	4,329,712
Business-type activities:						
School food service	-	-	2,591,457	2,385,042	2,591,457	2,385,042
Child care	-	-	720,438	960,116	720,438	960,116
Total expenses	83,549,553	71,391,275	3,311,895	3,345,158	86,861,448	74,736,433
Excess (deficiency) before transfers	(3,463,474)	254,832	(449,947)	(223,519)	(3,913,421)	31,313
Transfers in (out)	(47,476)	(194,255)	47,476	194,255	-	-
Increase (decrease) in net position	(3,510,950)	60,577	(402,471)	(29,264)	(3,913,421)	31,313
Beginning net position (deficit)	49,697,213	49,636,636	(823,666)	(794,402)	48,873,547	48,842,234
Ending net position (deficit)	$ 46,186,263	$ 49,697,213	$ (1,226,137)	$ (823,666)	$ 44,960,126	$ 48,873,547

Total governmental activities generated revenues of $80.1 million while expenses in this category totaled $83.5 million for the year ended June 30, 2024, resulting in a decrease in net position of $3.5 million (including transfers out to business-type activities of $47 thousand). Comparatively, revenues were $71.6 million, expenses totaled $71.4 million and transfers out were $194 thousand for the year ended June 30, 2023, resulting in an increase in net position of $61 thousand. In comparing the two years, revenues increased $8.4 million, or 11.8%, while expenses increased $12.2 million, or 17.0%. The change in revenues was primarily the result of a $6.0 million increase in local and capital outlay funding from Dare County. The change in expenses was largely due to an increase in instructional and system-wide support services costs. Expenses were also significantly impacted by a year-over-year increase of $6.6 million in pension and OPEB expense due to changes in actuarial valuations and allocation percentages of those plans.

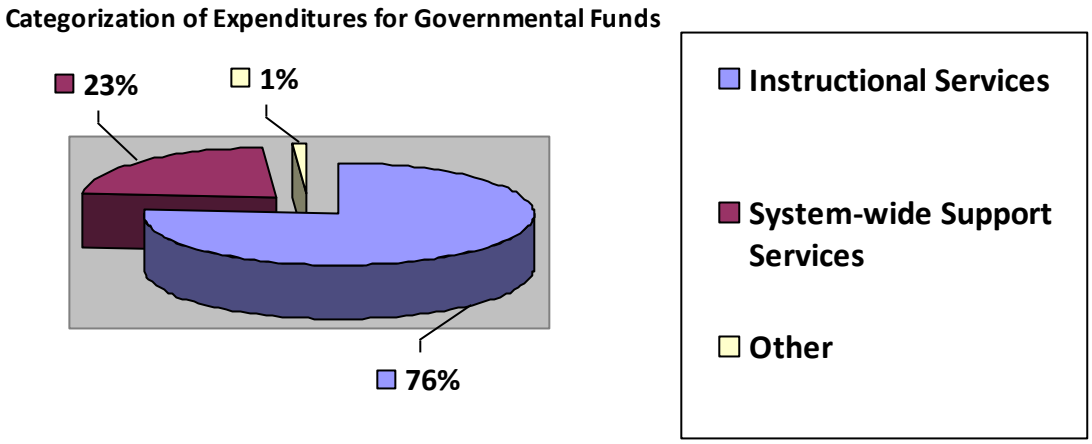
The Board's primary sources of revenues were funding from the State of North Carolina, Dare County, and the United States Government, which respectively comprised 50.5%, 38.2% and 6.4% of our total revenues. As would be expected, the major component of our expenses was instructional services which

accounted for 72.8% of our total expenses during the most recent fiscal year. Of the remaining 27.2% of our total expenses, 20.9% was attributable to system-wide support services.

Our business-type activities generated revenues of $2.9 million while expenses in this category totaled $3.3 million for the year ended June 30, 2024. For the year, net position decreased by $402 thousand (including transfers in of $47 thousand). Comparatively, revenues were $3.1 million, expenses totaled $3.3 million and transfers in were $194 thousand for the year ended June 30, 2023, resulting in a decrease in net position of $29 thousand. In comparing the two periods, revenues decreased $260 thousand, or 8.3%, while expenses decreased $33 thousand, or 1.0%. The change in revenues was primarily due to a decline in COVID-19 contracted service revenues in the child care program.

Financial Analysis of the Board's Funds

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



Expenditures presented on modified accrual basis of accounting.

The Board's governmental funds reported a combined fund balance of $6.1 million at June 30, 2024, a decrease of $254 thousand from the amount reported at June 30, 2023 (including the change in reserve for inventories). The Board's General, Capital Outlay and Individual Schools funds each reported a decrease in fund balance for the year ended June 30, 2024 of $797 thousand, $60 thousand, and 26 thousand, respectively, while the Other Current Expense Fund reported an increase in fund balance of $630 thousand for the year. Total governmental fund revenues increased over the prior year by $8.6 million, or 11.9%, while expenditures increased by $6.9 million, or 9.4%. Combined revenues and expenditures in the State Public School Fund and Federal Grants Fund increased by $1.6 million over the prior year, while funding from Dare County for local and capital outlay needs rose by $6.0 million. The change in expenditures was primarily attributable to an increase in instructional and system-wide support services costs.

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined decrease in net position of $402 thousand for the fiscal year ended June 30, 2024 compared to a decrease of $29 thousand for the same 2023 period. See the discussion above under "*Financial Analysis of the Board as a Whole*" for further details regarding the year-over-year change in operating results for these two funds.

General Fund Budgetary Highlights

Over the course of a year, the Board will revise the budget, as necessary, to account for changes in revenue expectations and program allocations. During the year ended June 30, 2024, the Board amended the budget to appropriate $771 thousand of fund balance to pay for increased instructional services expenditures. For the year, total expenditures were $139 thousand under budget.

Capital Assets

Total primary government capital assets were $116.0 million at June 30, 2024 compared to $119.7 million at June 30, 2023, a decrease of 3.1%. More detailed information about the Board's capital assets is contained in Note 3 to the financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2024 and 2023:

Table 3
Summary of Capital Assets
As of June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Land	$ 4,863,116	$ 4,863,116	$ -	$ -	$ 4,863,116	$ 4,863,116
Buildings	102,664,493	106,287,854	-	-	102,664,493	106,287,854
Improvements	5,878,969	6,354,361	-	-	5,878,969	6,354,361
Equipment and furniture	1,071,933	719,172	295,992	294,502	1,367,925	1,013,674
Vehicles	1,209,135	1,163,893	-	-	1,209,135	1,163,893
Total	$ 115,687,646	$ 119,388,396	$ 295,992	$ 294,502	$ 115,983,638	$ 119,682,898

Debt Outstanding

During the year, the Board's long-term debt decreased by $29 thousand to a balance of $98 thousand at June 30, 2024. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 3 to the financial statements.

Economic Factors

State and County funding are major sources of income for the Board; therefore, the State and County's economic outlook directly affects that of the Board's. Traditional economic factors are not necessarily applicable to Dare County due to the County having a tourism-based economy, seasonality of both activities and population that accompanies tourism, and a lack of manufacturing activities. The following factors should be considered when viewing the Board's current economic outlook:

- The Board anticipates student enrollment to remain constant over the next several years with little to no change.
- The unemployment rate in Dare County at June 30, 2024 was 3.3% compared to 3.0% at June 30, 2023. The County's unemployment rate is below the June 30, 2024 N.C. statewide and national unemployment rates which were 4.1% and 4.3%, respectively.

Requests for Information

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

Rashad Daniels, Interim Director of Finance
Dare County Board of Education
P.O. Box 1508
Nags Head, NC 27959

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DARE COUNTY BOARD OF EDUCATION ***Exhibit 1***
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 6,412,544	$ 834,847	$ 7,247,391
Due from other governments	199,276	24,731	224,007
Receivables	83,318	6,073	89,391
Internal balances	(24,318)	24,318	-
Inventories	237,535	127,553	365,088
Capital assets:			
Land	4,863,116	-	4,863,116
Other capital assets, net of depreciation	110,824,530	295,992	111,120,522
Total capital assets	115,687,646	295,992	115,983,638
Total assets	122,596,001	1,313,514	123,909,515
Deferred Outflows of Resources			
Pension and OPEB plans	34,974,730	993,849	35,968,579
Liabilities			
Accounts payable and accrued expenses	770,086	5,248	775,334
Accrued salaries and wages payable	13,677	-	13,677
Due to other governments	6,692	-	6,692
Unearned revenue	637	349,074	349,711
Long-term liabilities:			
Due within one year	1,583,810	51,242	1,635,052
Due in more than one year	91,385,189	2,627,118	94,012,307
Total liabilities	93,760,091	3,032,682	96,792,773
Deferred Inflows of Resources			
Pension and OPEB plans	17,624,377	500,818	18,125,195
Net position			
Net investment in capital assets	115,589,974	295,992	115,885,966
Restricted for:			
Stabilization by State statute	133,090	-	133,090
School capital outlay	1,527,246	-	1,527,246
Individual schools activities	664,139	-	664,139
Unrestricted (deficit)	(71,728,186)	(1,522,129)	(73,250,315)
Total net position (deficit)	$ 46,186,263	$ (1,226,137)	$ 44,960,126

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

DARE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	$ 33,701,276	$ -	$ 22,815,606	$ -	$ (10,885,670)	$ -	$ (10,885,670)
Special populations	11,087,759	-	9,651,812	-	(1,435,947)	-	(1,435,947)
Alternative programs	5,052,702	-	4,223,263	-	(829,439)	-	(829,439)
School leadership	4,228,932	-	1,987,642	-	(2,241,290)	-	(2,241,290)
Co-curricular	2,383,404	1,431,872	-	-	(951,532)	-	(951,532)
School-based support	4,389,615	-	3,324,237	-	(1,065,378)	-	(1,065,378)
System-wide support services:							
Support and development	690,743	-	130,053	-	(560,690)	-	(560,690)
Special population support and development	262,788	-	266,765	-	3,977	-	3,977
Alternative programs and services support and development	8,611	-	8,585	-	(26)	-	(26)
Technology support	1,049,750	-	473,012	-	(576,738)	-	(576,738)
Operational support	12,509,780	245,253	2,615,378	171,163	(9,477,986)	-	(9,477,986)
Financial and human resource services	1,573,599	-	(31)	-	(1,573,630)	-	(1,573,630)
Accountability	221,108	-	142,204	-	(78,904)	-	(78,904)
System-wide pupil support	366,445	-	235,067	-	(131,378)	-	(131,378)
Policy, leadership and public relations	1,471,114	-	446,607	-	(1,024,507)	-	(1,024,507)
Ancillary services	157,227	-	-	-	(157,227)	-	(157,227)
Payments to other governments	99,256	-	331,184	-	231,928	-	231,928
Unallocated depreciation expense**	4,295,444	-	-	-	(4,295,444)	-	(4,295,444)
Total governmental activities	83,549,553	1,677,125	46,651,384	171,163	(35,049,881)	-	(35,049,881)
Business-type activities:							
School food service	2,591,457	610,915	1,495,867	-	-	(484,675)	(484,675)
Child care	720,438	547,239	-	-	-	(173,199)	(173,199)
Total business-type activities	3,311,895	1,158,154	1,495,867	-	-	(657,874)	(657,874)
Total primary government	$ 86,861,448	$ 2,835,279	$ 48,147,251	$ 171,163	(35,049,881)	(657,874)	(35,707,755)
		General revenues:					
		Unrestricted county appropriations - operating			26,895,243	-	26,895,243
		Unrestricted county appropriations - capital			3,790,667	-	3,790,667
		Investment earnings, unrestricted			43,701	2,702	46,403
		Miscellaneous, unrestricted			856,796	205,225	1,062,021
		Transfers			(47,476)	47,476	-
		Total general revenues and transfers			31,538,931	255,403	31,794,334
		Change in net position			(3,510,950)	(402,471)	(3,913,421)
		Net position (deficit) - beginning			49,697,213	(823,666)	48,873,547
		Net position (deficit) - ending			$ 46,186,263	$ (1,226,137)	$ 44,960,126

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

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

FUND FINANCIAL STATEMENTS

DARE COUNTY BOARD OF EDUCATION ***Exhibit 3***

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	Major Funds						
	General	State Public School	Federal Grants	Other Current Expense	Capital Outlay	Individual Schools	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 1,556,100	$ 13,677	$ 637	$ 2,697,952	$ 1,459,474	$ 684,704	$ 6,412,544
Due from other governments	35,207	-	-	-	164,069	-	199,276
Accounts receivable	29,695	-	-	47,623	6,000	-	83,318
Due from other funds	-	-	-	20,565	-	-	20,565
Inventories	237,535	-	-	-	-	-	237,535
Total assets	$ 1,858,537	$ 13,677	$ 637	$ 2,766,140	$ 1,629,543	$ 684,704	$ 6,953,238
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	$ 674,481	$ -	$ -	$ -	$ 95,605	$ -	$ 770,086
Accrued salaries and wages payable	-	13,677	-	-	-	-	13,677
Due to other funds	-	-	-	24,318	-	20,565	44,883
Due to other governments	-	-	-	-	6,692	-	6,692
Unearned revenue	-	-	637	-	-	-	637
Total liabilities	674,481	13,677	637	24,318	102,297	20,565	835,975
Fund balances:							
Nonspendable:							
Inventories	237,535	-	-	-	-	-	237,535
Restricted:							
Stabilization by State statute	64,902	-	-	68,188	-	-	133,090
School capital outlay	-	-	-	-	1,527,246	-	1,527,246
Individual schools	-	-	-	-	-	664,139	664,139
Assigned:							
Subsequent year's expenditures	-	-	-	1,190,037	-	-	1,190,037
Special revenues	-	-	-	1,483,597	-	-	1,483,597
Unassigned	881,619	-	-	-	-	-	881,619
Total fund balances	1,184,056	-	-	2,741,822	1,527,246	664,139	6,117,263
Total liabilities and fund balances	$ 1,858,537	$ 13,677	$ 637	$ 2,766,140	$ 1,629,543	$ 684,704	$ 6,953,238

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 3 (continued)***
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2024

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

Total fund balances of governmental funds	$ 6,117,263
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	115,687,646
Deferred outflows of resources related to pensions	23,063,294
Deferred outflows of resources related to OPEB	11,911,436
Some liabilities, including those for compensated absences and installment purchases are not due and payable in the current period and therefore are not reported in the funds.	(3,942,559)
Net pension liability	(38,753,159)
Net OPEB liability	(50,273,281)
Deferred inflows of resources related to pensions	(733,158)
Deferred inflows of resources related to OPEB	(16,891,219)
Net position of governmental activities	$ 46,186,263

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

DARE COUNTY BOARD OF EDUCATION **Exhibit 4**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	Major Funds						
	General	State Public School	Federal Grants	Other Current Expense	Capital Outlay	Individual Schools	Total Governmental Funds
Revenues:							
State of North Carolina	$ -	$ 39,606,532	$ -	$ 830,648	$ 171,163	$ -	$ 40,608,343
Dare County:							
Local current expense	26,895,243	-	-	-	-	-	26,895,243
Other	-	-	-	-	3,790,667	-	3,790,667
U.S. Government	-	-	5,158,640	-	-	-	5,158,640
Contributions and donations	-	-	-	500	-	-	500
Other	527,630	-	-	2,001,201	3,167	1,431,872	3,963,870
Total revenues	27,422,873	39,606,532	5,158,640	2,832,349	3,964,997	1,431,872	80,417,263
Expenditures:							
Current:							
Instructional services:							
Regular instructional	10,540,099	22,343,026	467,080	589,797	119,174	-	34,059,176
Special populations	2,139,881	7,052,665	1,549,083	408,084	-	-	11,149,713
Alternative programs	927,357	928,239	2,464,376	746,502	-	-	5,066,474
School leadership	2,276,624	1,969,169	18,473	-	-	-	4,264,266
Co-curricular	784,412	-	-	-	138,642	1,457,910	2,380,964
School-based support	1,102,999	3,062,624	261,613	-	-	-	4,427,236
System-wide support services:							
Support and development	519,546	130,053	-	45,237	-	-	694,836
Special population support and development	4,356	266,765	-	-	-	-	271,121
Alternative programs and services support and development	-	-	8,585	-	-	-	8,585
Technology support	465,199	473,012	-	-	113,176	-	1,051,387
Operational support	6,697,882	2,561,238	6,664	118,528	3,610,240	-	12,994,552
Financial and human resource services	1,593,582	(31)	-	34,201	-	-	1,627,752
Accountability	75,481	142,204	-	3,712	-	-	221,397
System-wide pupil support	26,157	183,485	51,582	105,863	-	-	367,087
Policy, leadership and public relations	974,420	446,607	-	53,452	-	-	1,474,479
Ancillary services	26,535	-	-	97,128	33,564	-	157,227
Non-programmed charges	99,256	-	331,184	-	-	-	430,440
Debt service:							
Principal retirement	-	-	-	-	171,163	-	171,163
Total expenditures	28,253,786	39,559,056	5,158,640	2,202,504	4,185,959	1,457,910	80,817,855
Revenues over (under) expenditures	(830,913)	47,476	-	629,845	(220,962)	(26,038)	(400,592)
Other financing sources (uses):							
Transfers to other funds	-	(47,476)	-	-	-	-	(47,476)
Proceeds from disposal of capital assets	-	-	-	-	17,981	-	17,981
Installment purchase obligations issued	-	-	-	-	142,550	-	142,550
Total other financing sources (uses)	-	(47,476)	-	-	160,531	-	113,055
Net change in fund balance	(830,913)	-	-	629,845	(60,431)	(26,038)	(287,537)
Fund balances:							
Beginning of year	1,981,528	-	-	2,111,977	1,587,677	690,177	6,371,359
Change in reserve for inventories	33,441	-	-	-	-	-	33,441
End of year	$ 1,184,056	$ -	$ -	$ 2,741,822	$ 1,527,246	$ 664,139	$ 6,117,263

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2024

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

Net changes in fund balances - total governmental funds	$	(287,537)
Change in fund balance due to change in reserve for inventory		33,441
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(3,700,750)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		7,192,862
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities		2,957,926
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
OPEB nonemployer contributions		65,973
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		28,613
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Pension (expense) benefit		(9,927,008)
OPEB (expense) benefit		367,865
Compensated absences		(242,335)
Total changes in net position of governmental activities	$	(3,510,950)

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 6***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Dare County	$ 26,895,243	$ 26,895,243	$ 26,895,243	$ -
Other	727,000	727,000	527,630	(199,370)
Total revenues	27,622,243	27,622,243	27,422,873	(199,370)
Expenditures:				
Current:				
Instructional services	16,538,530	17,934,727	17,771,372	163,355
System-wide support services	10,995,713	10,340,391	10,356,623	(16,232)
Ancillary services	10,000	10,000	26,535	(16,535)
Nonprogrammed charges	78,000	108,000	99,256	8,744
Total expenditures	27,622,243	28,393,118	28,253,786	139,332
Revenues over (under) expenditures	-	(770,875)	(830,913)	(60,038)
Fund balance appropriated	-	770,875	-	(770,875)
Net change in fund balance	$ -	$ -	(830,913)	$ (830,913)
Fund balances:				
Beginning of year			1,981,528	
Change in reserve for inventories			33,441	
End of year			$ 1,184,056	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ 39,366,583	$ 41,004,333	$ 39,606,532	$ (1,397,801)
Expenditures:				
Current:				
Instructional services	35,675,572	36,630,055	35,355,723	1,274,332
System-wide support services	3,639,011	4,276,028	4,203,333	72,695
Ancillary services	2,000	52,716	-	52,716
Total expenditures	39,316,583	40,958,799	39,559,056	1,399,743
Revenues over expenditures	50,000	45,534	47,476	1,942
Other financing uses:				
Transfers to other funds	(50,000)	(45,534)	(47,476)	(1,942)
Net change in fund balance	$ -	$ -	-	$ -
Fund balances:				
Beginning of year			-	
End of year			$ -	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
U.S. Government	$ 5,944,891	$ 6,059,566	$ 5,158,640	$ (900,926)
Expenditures:				
Current:				
Instructional services	5,294,960	5,365,275	4,760,625	604,650
System-wide support services	117,764	118,839	66,831	52,008
Nonprogrammed charges	532,167	575,452	331,184	244,268
Total expenditures	5,944,891	6,059,566	5,158,640	900,926
Net change in fund balance	$ -	$ -	-	$ -
Fund balances:				
Beginning of year			-	
End of year			$ -	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

	Other Current Expense Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ 780,238	$ 761,991	$ 830,648	$ 68,657
Contributions and donations	-	-	500	500
Other	835,320	1,468,567	2,001,201	532,634
Total revenues	1,615,558	2,230,558	2,832,349	601,791
Expenditures:				
Current:				
Instructional services	1,225,558	1,766,958	1,744,383	22,575
System-wide support services	295,000	368,600	360,993	7,607
Ancillary services	95,000	95,000	97,128	(2,128)
Total expenditures	1,615,558	2,230,558	2,202,504	28,054
Net change in fund balance	$ -	$ -	629,845	$ 629,845
Fund balances:				
Beginning of year			2,111,977	
End of year			$ 2,741,822	

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 7***
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2024

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Assets			
Current assets:			
Cash and cash equivalents	$ 251,872	$ 582,975	$ 834,847
Due from other governments	24,731	-	24,731
Receivables	6,073	-	6,073
Due from other funds	24,318	-	24,318
Inventories	127,553	-	127,553
Total current assets	434,547	582,975	1,017,522
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	253,047	42,945	295,992
Total assets	687,594	625,920	1,313,514
Deferred Outflows of Resources			
Pension and OPEB plans	724,589	269,260	993,849
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	5,248	-	5,248
Compensated absences	38,006	13,236	51,242
Unearned revenue	45,812	303,262	349,074
Total current liabilities	89,066	316,498	405,564
Noncurrent liabilities:			
Net pension liability	802,866	298,350	1,101,216
Net OPEB liability	1,041,534	387,040	1,428,574
Compensated absences	82,558	14,770	97,328
Total noncurrent liabilities	1,926,958	700,160	2,627,118
Total liabilities	2,016,024	1,016,658	3,032,682
Deferred Inflows of Resources			
Pension and OPEB plans	365,133	135,685	500,818
Net position			
Investment in capital assets	253,047	42,945	295,992
Unrestricted (deficit)	(1,222,021)	(300,108)	(1,522,129)
Total net position (deficit)	$ (968,974)	$ (257,163)	$ (1,226,137)

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 8***
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2024

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Operating revenues:			
Food sales	$ 610,915	$ -	$ 610,915
Child care fees	-	547,239	547,239
Other	2,047	-	2,047
Total operating revenues	612,962	547,239	1,160,201
Operating expenses:			
Food cost:			
Purchase of food	719,116	12,987	732,103
Donated commodities	180,552	-	180,552
Salaries and benefits	1,509,753	654,375	2,164,128
Materials and supplies	66,128	1,514	67,642
Repairs and maintenance	1,072	-	1,072
Depreciation	41,455	1,867	43,322
Non-capitalized equipment	8,569	18,714	27,283
Contracted services	48,840	-	48,840
Other	15,972	30,981	46,953
Total operating expenses	2,591,457	720,438	3,311,895
Operating loss	(1,978,495)	(173,199)	(2,151,694)
Nonoperating revenues:			
Federal grants and reimbursements	1,306,749	-	1,306,749
Federal commodities	180,552	-	180,552
State reimbursements and grants	7,101	-	7,101
Contracted service revenue	-	203,178	203,178
Interest earned	2,702	-	2,702
Contributions and donations	1,465	-	1,465
Total nonoperating revenues	1,498,569	203,178	1,701,747
Income (loss) before transfers	(479,926)	29,979	(449,947)
Transfers from other funds	47,476	-	47,476
Change in net position	(432,450)	29,979	(402,471)
Net position (deficit), beginning of year	(536,524)	(287,142)	(823,666)
Net position (deficit), end of year	$ (968,974)	$ (257,163)	$ (1,226,137)

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 9***
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2024

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Cash flows from operating activities:			
Cash received from customers	$ 592,875	$ 547,239	$ 1,140,114
Cash paid for goods and services	(889,288)	(64,196)	(953,484)
Cash paid to employees for services	(1,412,839)	(663,806)	(2,076,645)
Other operating revenue	2,047	-	2,047
Net cash used by operating activities	(1,707,205)	(180,763)	(1,887,968)
Cash flows from noncapital financing activities:			
Due from other funds	20,625	-	20,625
Federal grants and reimbursements	1,329,417	-	1,329,417
Contracted service revenue	-	29,568	29,568
Contributions and donations	1,465	-	1,465
Net cash provided by noncapital financing activities	1,351,507	29,568	1,381,075
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(44,812)	(44,812)
Cash flows from investing activities:			
Interest earned on investments	2,702	-	2,702
Net decrease in cash and cash equivalents	(352,996)	(196,007)	(549,003)
Cash and cash equivalents, beginning of year	604,868	778,982	1,383,850
Cash and cash equivalents, end of year	$ 251,872	$ 582,975	$ 834,847
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$ (1,978,495)	$ (173,199)	$ (2,151,694)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	41,455	1,867	43,322
Donated commodities	180,552	-	180,552
Salaries and benefits paid by other funds	47,476	-	47,476
Changes in assets, liabilities deferred outflows and deferred inflows of resources:			
Increase in accounts receivable	(4,580)	-	(4,580)
Increase in inventories	(32,396)	-	(32,396)
Increase in accounts payable and accrued liabilities	2,805	-	2,805
Decrease in unearned revenue	(13,460)	-	(13,460)
Increase in net pension liability	112,253	29,371	141,624
Increase in net OPEB liability	114,103	25,826	139,929
Increase in deferred outflows	(61,061)	(10,836)	(71,897)
Decrease in deferred inflows	(130,364)	(57,299)	(187,663)
Increase in compensated absences payable	14,507	3,507	18,014
Total adjustments	271,290	(7,564)	263,726
Net cash used by operating activities	$ (1,707,205)	$ (180,763)	$ (1,887,968)

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

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of $180,552 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of $47,476 to personnel of the School Food Service Fund during the year. These payments are reflected as an operating transfer in and an operating expense on Exhibit 8.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Dare County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Dare County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are accounted for in another fund.

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

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

Other Current Expense Fund. The Other Current Expense Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal and State grants restricted as to use, federal and State appropriations made directly to local school administrative units, funds received for prekindergarten and special programs.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Dare County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

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

The Board reports the following major enterprise funds:

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

Child Care Fund. The Child Care Fund is used to account for the afterschool care program at the elementary schools within the school system. The costs associated with these programs are recovered by user charges.

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the

North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to transfer amounts between functions, sub-functions and objects of expenditures within a purpose without limitations and without a report to the Board of Education. Any increases or decreases in purpose levels or transfers between funds will require a budget amendment by the Board of Education. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Inventories

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

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1987 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

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

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

	Years
Land improvements	30
Buildings and building improvements	15 - 50
Equipment and furniture	5 - 20
Vehicles	6 - 12

5. Deferred outflows and inflows of resources

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

6. Long-term Obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2024 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Net Position/Fund Balances

Net Position
Net position in the government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State statute.

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

The governmental fund types classify fund balances as follows:

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

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

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

> Restricted for Stabilization by State statute – North Carolina G.S. 115C-425(a) prohibits boards of education from budgeting or spending a portion of their fund balance. Restricted by State statute (RSS) is calculated at the end of each fiscal year. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS.
>
> Restricted for school capital outlay - portion of fund balance that can only be used for school capital outlay [G.S. 159-18 through 22].
>
> Restricted for instructional services – grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

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

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

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

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

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

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

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of $40,069,000 consists of the following elements:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	$ 209,693,413
Less accumulated depreciation	(94,005,767)
Net capital assets	115,687,646
Deferred outflows of resources related to pensions	23,063,294
Deferred outflows of resources related to OPEB	11,911,436
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(97,672)
Compensated absences	(3,844,887)
Net pension liability	(38,753,159)
Net OPEB liability	(50,273,281)
Deferred inflows of resources related to pensions	(733,158)
Deferred inflows of resources related to OPEB	(16,891,219)
Total adjustment	$ 40,069,000

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of $(3,223,413) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	$ 826,016
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,526,766)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(142,550)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	171,163
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	7,192,862
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	2,957,926
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	65,973
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Pension (expense) benefit	(9,927,008)
OPEB (expense) benefit	367,865
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(242,335)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	33,441
Total adjustment	$ (3,223,413)

10. Defined Benefit Pension Plans

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2024, the Board reported expenditures within the School Food Service Fund that violated State law [G.S. 115C-441] because they exceeded the amount appropriated in the budget ordinance by $178,460. Management will monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

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, 2024, the Board had deposits with banks and savings and loans with a carrying amount of $3,978,977 and a net overdraft balance with the State Treasurer of $14,314. The bank balances with the financial institutions and the State Treasurer were $4,851,566 and $286,653, respectively. Of these balances, $992,802 was covered by federal depository insurance and $4,145,417 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2024, the Board had $3,089,816 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's and is classified in Level 1 of the fair value hierarchy. Additionally, at June 30 2024, the Board had $164,284 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2024. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2024 are as follows:

	Due from other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	$ -	$ 35,207	$ 29,695	$ 64,902
Other governmental activities	(24,318)	164,069	53,623	193,374
Total governmental activities	$ (24,318)	$ 199,276	$ 83,318	$ 258,276
Business-type activities:				
School Food Service Fund	$ 24,318	$ 24,731	$ 6,073	$ 55,122

Due from other governments consists of the following:

Governmental activities:		
General Fund	$ 35,207	Amounts due from County and towns
Capital Outlay Fund	164,069	Amounts due from County
Total	$ 199,276	
Business-type activities:		
School Food Service Fund	$ 24,731	Federal funds

4. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,863,116	$ -	$ -	$ 4,863,116
Capital assets being depreciated:				
Buildings	181,184,578	-	-	181,184,578
Improvements	14,214,886	75,412	-	14,290,298
Equipment and furniture	2,932,666	474,040	-	3,406,706
Vehicles	5,764,725	276,564	92,574	5,948,715
Total capital assets being depreciated	204,096,855	826,016	92,574	204,830,297
Less accumulated depreciation for:				
Buildings	74,896,724	3,623,361	-	78,520,085
Improvements	7,860,525	550,804	-	8,411,329
Equipment and furniture	2,213,494	121,279	-	2,334,773
Vehicles	4,600,832	231,322	92,574	4,739,580
Total accumulated depreciation	89,571,575	4,526,766	92,574	94,005,767
Total capital assets being depreciated, net	114,525,280			110,824,530
Governmental activity capital assets, net	$ 119,388,396			$ 115,687,646
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	$ 1,544,825	$ -	$ -	$ 1,544,825
Less accumulated depreciation for:				
Equipment and furniture	1,250,323	41,455	-	1,291,778
School Food Service capital assets, net	294,502			253,047
Child Care Fund:				
Capital assets being depreciated:				
Equipment and furniture	-	44,812	-	44,812
Less accumulated depreciation for:				
Equipment and furniture	-	1,867	-	1,867
Child Care Fund capital assets, net	-			42,945
Business-type activities capital assets, net	$ 294,502			$ 295,992

Depreciation was charged to governmental functions as follows:

Operational support services	$ 231,322
Unallocated	4,295,444
Total	$ 4,526,766

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2024 was 17.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were $7,397,256 for the year ended June 30, 2024.

Refunds of Contributions – Board employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By state law, refunds to members with

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

At June 30, 2024, the Board reported a liability of $39,854,375 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2023 and 2022, the Board's proportion was 0.2390% and 0.2386%, respectively.

For the year ended June 30, 2024, the Board recognized pension expense of $10,216,792. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,249,074	$ 294,153
Changes of assumptions	1,399,633	-
Net difference between projected and actual earnings on pension plan investments	11,099,441	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	573,261	459,839
Board contributions subsequent to the measurement date	7,397,256	-
Total	$ 23,718,665	$ 753,992

$7,397,256 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	$ 5,013,946
2026	3,003,816
2027	7,075,521
2028	474,134
Total	$ 15,567,417

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability reported at June 30, 2024 and 2023 was 6.50% for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	$ 68,420,623	$ 39,854,375	$ 16,288,147

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

b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

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

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the

University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the year ended June 30, 2024, the Board contributed 7.14% of covered payroll, which amounted to $2,995,826 for the entire fiscal year. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling $35.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled $67,848.

At June 30, 2024, the Board reported a liability of $51,646,315 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 and 2022, the Board's proportion was 0.1938% and 0.2000%, respectively.

$2,995,826 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	$ (2,880,740)
2026	(3,698,238)
2027	(2,151,659)
2028	489,533
Total	$ (8,241,104)

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2024 and 2023 were 3.65% and 3.54%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.65% was used as the discount rate used to measure the total OPEB liability. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.65 percent) or 1-percentage point higher (4.65 percent) than the current discount rate:

	1% decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability	$ 60,925,549	$ 51,646,315	$ 44,087,291

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-9.00%, Medicare Advantage - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 5.00-6.50%, Pharmacy - 5.00-10.00%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00-7.50%, Pharmacy - 6.00-11.00%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	$ 42,637,888	$ 51,646,315	$ 63,260,344

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

2. Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2024, employers made a statutory contribution of 0.11% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were $46,154 for the year ended June 30, 2024.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

At June 30, 2024, the Board reported a liability of $55,540 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 and 2022, the Board's proportion was 0.2088% and 0.2089%, respectively.

$46,154 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	$ 24,593
2026	14,569
2027	23,370
2028	7,192
2029	4,660
Thereafter	3,451
Total	$ 77,835

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

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	$ 66,767	$ 55,540	$ 44,109

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2023. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is 1.2%.

Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2024:

	RHBF	DIPNC	Total
OPEB expense (benefit)	$ (420,313)	$ 74,978	$ (345,335)
OPEB liability (asset)	$ 51,646,315	$ 55,540	$ 51,701,855
Proportionate share of the net OPEB liability / asset	0.1938%	0.2088%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 568,727	$ 48,674	$ 617,401
Changes of assumptions	5,594,868	4,047	5,598,915
Net difference between projected and actual earnings on plan investments	412,577	72,543	485,120
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,503,537	2,961	2,506,498
Board contributions subsequent to the measurement date	2,995,826	46,154	3,041,980
Totals	$ 12,075,535	$ 174,379	$ 12,249,914
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 50,603	$ 30,763	$ 81,366
Changes of assumptions	13,778,820	9,481	13,788,301
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,491,390	10,146	3,501,536
Totals	$ 17,320,813	$ 50,390	$ 17,371,203

2. Accounts Payable

Accounts payable as of June 30, 2024 are as follows:

	Vendors and Other	Salaries and Benefits	Total
Governmental activities:			
General Fund	$ 674,481	$ -	$ 674,481
Other governmental activities	95,605	13,677	109,282
Total governmental activities	$ 770,086	$ 13,677	$ 783,763
Business-type activities:			
School Food Service Fund	$ 5,248	$ -	$ 5,248

3. Unearned Revenues

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

Governmental activities:	
Federal grant funds (Federal Grants Fund)	$ 637
Business-type activities:	
Prepayments of meals (School Food Service Fund)	$ 45,812
Prepayment of contracted service revenue (Child Care Fund)	303,262
Total business-type activities	$ 349,074

4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,866,475	$ 375,519
Changes of assumptions	6,998,548	13,788,301
Net difference between projected and actual earnings on pension and OPEB plan investments	11,584,561	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,079,759	3,961,375
Board contributions subsequent to the measurement date	10,439,236	-
Total	$ 35,968,579	$ 18,125,195

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 maintains general liability and errors and omissions coverage of $1 million per claim through a private insurance company. The policy has an annual aggregate limit of $2 million for general liability and an annual aggregate limit of $1 million for errors and omissions. Statutory workers' compensation coverage is purchased through a

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

The Board also participates in the State Public Education Property Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of $10 million. Excess reinsurance is purchased through commercial insurers. A limit of $5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. $10 million per occurrence is provided on increased cost of construction.

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

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The Finance Director is bonded for $50,000.

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

6. Long-Term Obligations

a. Direct Placement Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third-party direct placement financing arrangements. During the 2022 and 2024 fiscal years, the Board entered into such contracts for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The original amount of the outstanding installment purchase contracts totaled $248,148. The contracts each require four equal principal-only payments with the first payment due within ten days of receipt of the buses and the following three payments due on each of the three subsequent November 15th dates.

The future minimum payments of the installment purchases as of June 30, 2024 are as follows:

Year Ending June 30:	Governmental Activities Principal
2025	$ 62,035
2026	35,637
Totals	$ 97,672

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2024:

	July 1, 2023	Increases	Decreases	June 30, 2024	Current Portion
Governmental activities:					
Direct placement installment purchases	$ 126,285	$ 142,550	$ 171,163	$ 97,672	$ 62,035
Net pension liability	34,451,019	4,302,140	-	38,753,159	-
Net OPEB liability	46,264,613	4,008,668	-	50,273,281	-
Compensated absences	3,602,552	2,760,962	2,518,627	3,844,887	1,521,775
Total	$ 84,444,469	$ 11,214,320	$ 2,689,790	$ 92,968,999	$ 1,583,810
Business-type activities:					
Net pension liability	$ 959,592	$ 141,624	$ -	$ 1,101,216	$ -
Net OPEB liability	1,288,645	139,929	-	1,428,574	-
Compensated absences	130,556	98,615	80,601	148,570	51,242
Total	$ 2,378,793	$ 380,168	$ 80,601	$ 2,678,360	$ 51,242

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

C. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances as of June 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Other Current Expense Fund	Individual Schools Fund	$ 20,565
School Food Service Fund	Other Current Expense Fund	24,318

The interfund balances above were created in the normal operating cycle of the Board. All amounts are expected to be repaid during the year ended June 30, 2025.

2. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2024 consisted of the following:

From the State Public School Fund to the School Food Service Fund for administrative salaries and benefits	$ 47,476

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is unassigned and available for appropriation at June 30, 2024:

Total fund balance - General Fund	$	1,184,056
Less:		
Inventories		(237,535)
Stabilization by State statute		(64,902)
Unassigned fund balance	$	881,619

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances outstanding at June 30, 2024 are as follows:

	Encumbrances
Capital Outlay Fund	$ 1,182,600

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Schedule of Board Contributions
Retiree Health Benefit Fund

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

Schedule of Board Contributions
Disability Income Plan of North Carolina

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

	2024	2023	2022	2021	2020
Board's proportion of the net pension liability/asset	0.239%	0.239%	0.223%	0.232%	0.232%
Board's proportionate share of the net pension liability (asset)	$ 39,854,375	$ 35,410,611	$ 10,430,025	$ 28,045,940	$ 24,028,533
Board's covered payroll	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	100.09%	94.03%	30.01%	78.45%	66.18%
Plan fiduciary net position as a percentage of the total pension liability	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	2018	2017	2016	2015
Board's proportion of the net pension liability/asset	0.223%	0.218%	0.220%	0.210%	0.210%
Board's proportionate share of the net pension liability (asset)	$ 22,223,982	$ 17,320,091	$ 19,764,397	$ 7,742,220	$ 2,486,236
Board's covered payroll	$ 34,848,241	$ 29,644,128	$ 32,368,629	$ 32,533,453	$ 31,834,944
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	63.77%	58.43%	61.06%	23.80%	7.81%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%	98.24%

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

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

	2024	2023	2022	2021	2020
Contractually required contribution	$ 7,397,256	$ 6,920,409	$ 6,168,198	$ 5,136,449	$ 4,636,849
Contributions in relation to the contractually required contribution	7,397,256	6,920,409	6,168,198	5,136,449	4,636,849
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 41,958,344	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571
Contributions as a percentage of covered payroll	17.63%	17.38%	16.38%	14.78%	12.97%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 4,462,459	$ 3,756,644	$ 2,958,484	$ 2,972,943	$ 2,976,811
Contributions in relation to the contractually required contribution	4,462,459	3,756,644	2,958,484	2,972,943	2,976,811
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 36,309,676	$ 34,848,241	$ 29,644,128	$ 32,368,629	$ 32,533,453
Contributions as a percentage of covered payroll	12.29%	10.78%	9.98%	9.15%	9.15%

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

	2024	2023	2022	2021	2020
Board's proportion of the net OPEB liability/asset	0.1938%	0.2000%	0.1920%	0.2021%	0.1984%
Board's proportionate share of the net OPEB liability (asset)	$ 51,646,315	$ 47,491,103	$ 59,358,397	$ 56,060,699	$ 62,770,636
Board's covered payroll	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	129.71%	126.12%	170.80%	156.81%	172.88%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	2018	2017
Board's proportion of the net OPEB liability/asset	0.1950%	0.1889%	0.1807%
Board's proportionate share of the net OPEB liability (asset)	$ 55,545,187	$ 61,923,558	$ 78,609,531
Board's covered payroll	$ 34,848,241	$ 29,644,128	$ 32,368,629
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	159.39%	208.89%	242.86%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	4.40%	3.52%	2.41%

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

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

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

	2024	2023	2022	2021	2020
Contractually required contribution	$ 2,995,826	$ 2,743,476	$ 2,368,618	$ 2,321,480	$ 2,313,062
Contributions in relation to the contractually required contribution	2,995,826	2,743,476	2,368,618	2,321,480	2,313,062
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 41,958,344	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571
Contributions as a percentage of covered payroll	7.14%	6.89%	6.29%	6.68%	6.47%

	2019	2018	2017
Contractually required contribution	$ 2,276,618	$ 2,108,319	$ 1,722,324
Contributions in relation to the contractually required contribution	2,276,618	2,108,319	1,722,324
Contribution deficiency (excess)	$ -	$ -	$ -
Board's covered payroll	$ 36,309,676	$ 34,848,241	$ 29,644,128
Contributions as a percentage of covered payroll	6.27%	6.05%	5.81%

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

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

	2024	2023	2022	2021	2020
Board's proportion of the net OPEB liability/asset	0.2088%	0.2089%	0.1962%	0.2027%	0.2034%
Board's proportionate share of the net OPEB liability (asset)	$ 55,540	$ 62,155	$ (32,044)	$ (99,697)	$ (87,771)
Board's covered payroll	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.14%	0.17%	0.09%	0.28%	0.24%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	2018	2017
Board's proportion of the net OPEB liability/asset	0.1955%	0.1900%	0.1878%
Board's proportionate share of the net OPEB liability (asset)	$ (59,370)	$ (116,140)	$ (116,630)
Board's covered payroll	$ 34,848,241	$ 29,644,128	$ 32,368,629
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.17%	0.39%	0.36%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	108.47%	116.23%	116.06%

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

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

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

	2024	2023	2022	2021	2020
Contractually required contribution	$ 46,154	$ 39,818	$ 33,891	$ 31,277	$ 35,751
Contributions in relation to the contractually required contribution	46,154	39,818	33,891	31,277	35,751
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 41,958,344	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571
Contributions as a percentage of covered payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	2018	2017
Contractually required contribution	$ 50,834	$ 48,788	$ 112,648
Contributions in relation to the contractually required contribution	50,834	48,788	112,648
Contribution deficiency (excess)	$ -	$ -	$ -
Board's covered payroll	$ 36,309,676	$ 34,848,241	$ 29,644,128
Contributions as a percentage of covered payroll	0.14%	0.14%	0.38%

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

INDIVIDUAL FUND SCHEDULES

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Dare County:			
County appropriation	$ 26,895,243	$ 26,895,243	$ -
Other:			
Fines and forfeitures	727,000	481,458	(245,542)
Interest earned on investment	-	40,734	40,734
Miscellaneous	-	5,438	5,438
Total other	727,000	527,630	(199,370)
Total revenues	27,622,243	27,422,873	(199,370)
Expenditures:			
Current:			
Instructional services:			
Regular instructional		10,540,099	
Special populations		2,139,881	
Alternative programs		927,357	
School leadership		2,276,624	
Co-curricular		784,412	
School-based support		1,102,999	
Total instructional services	17,934,727	17,771,372	163,355
System-wide support services:			
Support and development		519,546	
Special population support and development		4,356	
Technology support		465,199	
Operational support		6,697,882	
Financial and human resource services		1,593,582	
Accountability		75,481	
System-wide pupil support		26,157	
Policy, leadership and public relations		974,420	
Total system-wide support services	10,340,391	10,356,623	(16,232)
Ancillary services:			
Nutrition		26,535	
Total ancillary services	10,000	26,535	(16,535)
Non-programmed charges:			
Payments to other governments	108,000	99,256	8,744
Total expenditures	28,393,118	28,253,786	139,332
Revenues under expenditures	(770,875)	(830,913)	(60,038)

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget
Fund balance appropriated	770,875	-	(770,875)
Net change in fund balance	$ -	(830,913)	$ (830,913)
Fund balance:			
Beginning of year		1,981,528	
Change in reserve for inventories		33,441	
End of year		$ 1,184,056	

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2024

	Revenues	Expenditures	Net change in fund balance	Fund balances 6/30/2023	Fund balances 6/30/2024
Cape Hatteras Elementary	$ 38,280	$ 39,697	$ (1,417)	$ 22,910	$ 21,493
Kitty Hawk Elementary	47,651	55,209	(7,558)	55,060	47,502
Manteo Elementary	51,586	60,233	(8,647)	16,946	8,299
First Flight Elementary	27,133	25,269	1,864	10,144	12,008
Nags Head Elementary	31,400	27,425	3,975	20,797	24,772
First Flight Middle	134,811	138,345	(3,534)	62,257	58,723
Manteo Middle	110,490	104,420	6,070	76,851	82,921
Cape Hatteras Secondary	249,206	276,105	(26,899)	205,467	178,568
Manteo High	236,272	258,830	(22,558)	93,196	70,638
First Flight High	505,043	472,377	32,666	126,549	159,215
Totals	$ 1,431,872	$ 1,457,910	$ (26,038)	$ 690,177	$ 664,139

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State appropriations - buses	$ 171,167	$ 171,163	$ (4)
Dare County:			
General county appropriations	600,000	600,000	-
Construction project funding	4,486,335	2,326,715	(2,159,620)
Mold remediation funding	863,952	863,952	-
Total Dare County	5,950,287	3,790,667	(2,159,620)
Other:			
Interest earned on investments	-	2,967	2,967
Miscellaneous	-	200	200
Total other	-	3,167	3,167
Total revenues	6,121,454	3,964,997	(2,156,457)
Expenditures:			
Current:			
Instructional services:			
Regular instructional		119,174	
Co-curricular		138,642	
Total instructional services	573,819	257,816	316,003
System-wide support services:			
Technology		113,176	
Operational support		3,610,240	
Total system-wide support services	5,759,298	3,723,416	2,035,882
Ancillary services:			
Nutrition	55,000	33,564	21,436
Debt service:			
Principal retirement	171,167	171,163	4
Total expenditures	6,559,284	4,185,959	2,373,325
Revenues under expenditures	(437,830)	(220,962)	216,868
Other financing sources:			
Proceeds from disposal of capital assets	-	17,981	17,981
Installment purchase obligations issued	142,550	142,550	-
Total other financing sources	142,550	160,531	17,981
Fund balance appropriated	295,280	-	(295,280)
Net change in fund balance	$ -	(60,431)	$ (60,431)
Fund balance:			
Beginning of year		1,587,677	
End of year		$ 1,527,246	

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Food sales	$ 668,000	$ 610,915	$ (57,085)
Other	-	2,047	2,047
Total operating revenues	668,000	612,962	(55,038)
Operating expenditures:			
Business support services:			
Purchase of food		751,512	
Donated commodities		180,552	
Salaries and benefits		1,460,315	
Materials and supplies		66,128	
Repairs and maintenance		1,072	
Non-capitalized equipment		8,569	
Contracted services		48,840	
Other		15,972	
Total operating expenditures	2,354,500	2,532,960	(178,460)
Operating loss	(1,686,500)	(1,919,998)	(233,498)
Nonoperating revenues:		.	
Federal reimbursements	1,400,000	1,306,749	(93,251)
Federal commodities	285,000	180,552	(104,448)
State reimbursements	-	7,101	7,101
Interest earned	1,500	2,702	1,202
Contributions and donations	-	1,465	1,465
Total nonoperating revenues	1,686,500	1,498,569	(187,931)
Revenues under expenditures	-	(421,429)	(421,429)
Other financing sources:			
Transfers from other funds	-	47,476	47,476
Net change in fund balance	$ -	(373,953)	$ (373,953)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(41,455)	
Net pension liability		(112,253)	
Net OPEB liability		(114,103)	
Deferred outflows - pension and OPEB		61,061	
Deferred inflows - pension and OPEB		130,364	
Increase in compensated absences payable		(14,507)	
Increase in inventory		32,396	
Change in net position (full accrual)		$ (432,450)	

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Child care fees	$ 496,000	$ 547,239	$ 51,239
Operating expenditures:			
Regular community services:			
Purchase of food		12,987	
Salaries and benefits		663,806	
Materials and supplies		1,514	
Non-capitalized equipment		18,714	
Other		30,981	
Total operating expenditures	820,011	772,814	47,197
Operating loss	(324,011)	(225,575)	98,436
Nonoperating revenues:			
Contracted service revenue	19,488	203,178	183,690
Revenues over (under) expenditures	(304,523)	(22,397)	282,126
Fund balance appropriated	304,523	-	(304,523)
Net change in fund balance	$ -	(22,397)	$ (22,397)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(1,867)	
Equipment purchases		44,812	
Net pension liability		(29,371)	
Net OPEB liability		(25,826)	
Deferred outflows - pension and OPEB		10,836	
Deferred inflows - pension and OPEB		57,299	
Increase in compensated absences payable		(3,507)	
Change in net position (full accrual)		$ 29,979	

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT

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

To the Dare County Board of Education
Nags Head, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dare County Board of Education, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprises the Dare County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Dare County Board of Education's internal control over financial reporting (internal control) as a basis for designing 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 material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 24-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dare County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs in item 24-01.

Dare County Board of Education's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit that are described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Anderson Smith & Wike PLLC

November 22, 2024
Rockingham, North Carolina

INDEPENDENT AUDITOR'S REPORT

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

To the Dare County Board of Education
Nags Head, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dare County Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2024. The Dare County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Dare County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dare County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single

Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dare County Board of Education's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

November 22, 2024
Rockingham, North Carolina

INDEPENDENT AUDITOR'S REPORT

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

To the Dare County Board of Education
Nags Head, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Dare County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2024. The Dare County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Dare County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dare County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single

Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dare County Board of Education's compliance with the requirements of each major State program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

November 22, 2024
Rockingham, North Carolina

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	*No*
• Significant deficiency(ies) identified?	*Yes*
Noncompliance material to financial statements noted?	*No*

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	*No*
• Significant deficiency(ies) identified?	*None Identified for Reporting*
Type of auditor's report issued on compliance for major federal programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	*No*

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster
84.425	COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B Programs	*$ 750,000*
Auditee qualified as low-risk auditee?	*Yes*

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Program Name

State Public School Fund
Career and Technical Education – State Months of Employment
N.C. Pre-Kindergarten Program

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

Auditee qualified as low-risk auditee? *Yes*

Section II - Financial Statement Findings

Finding 24-01

SIGNIFICANT DEFICIENCY
Budget Violation

Criteria:	North Carolina General Statute 115C-441 states that all monies expended should be included in the budget resolution.
Condition:	Expenditures within the Board's School Food Service Fund exceeded appropriations by $178,460.
Effect:	The Board was in violation of State law.
Cause:	Budget amendments were not prepared when needed due to lack of proper oversight of the budgetary process.
Identification of a repeat finding:	This is not a repeat finding from the immediate previous audit.
Recommendation:	We recommend that budget amendments be prepared as needed.

Views of responsible officials and planned corrective actions:
See corrective action plan on page 70.

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

DARE COUNTY SCHOOLS

Steve Basnight | Superintendent

Board of Education

David Twiddy | Chairman
Carl Woody | Vice-Chairman
Mary Ellon Ballance
Susan Bothwell
Matt Brauer
Ron Payne
Barry Wickre

Finding 24-01

Name of Contact Person:	Rashad Daniels, Interim Director of Finance
Corrective Action Plan:	Budgets will be reviewed on a monthly basis and any necessary budget amendments will be presented to the Board for approval in a timely manner.
Proposed Completion Date:	Immediately

There were no audit findings reported in the prior year.

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
U.S. Department of Agriculture			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	$ 180,552
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	246,415
National School Lunch Program	10.555	PRC 035	875,814
Supply Chain Assistance Funds	10.555	PRC 035	125,263
After School Snack Program	10.555	PRC 035	21,527
Summer Food Service Program for Children	10.559	PRC 035	37,730
Cash assistance subtotal			1,306,749
Total Child Nutrition Cluster			1,487,301
Total U.S. Department of Agriculture			1,487,301
U.S. Department of Education			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050	740,640
Supporting Effective Instruction State Grant	84.367	PRC 103	182,767
Language Acquisition Grant	84.365	PRC 104	65,920
Student Support and Academic Enrichment Program	84.424	PRC 108	59,663
Rural and Low Income Schools	84.358	PRC 109	96,019
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - Rethink Education Stipends	84.425B	PRC 146	5,295
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	115,611
COVID-19 - ESSER II - Supplemental Contracted Instructional Support Funding	84.425D	PRC 173	33,601
COVID-19 - ESSER II - Summer Career Accel. Program	84.425D	PRC 177	21,185
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	5,329
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	2,153,065
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	32,242
COVID-19 - ESSER III - Summer Career Accel. Programs	84.425U	PRC 188	47,954
COVID-19 - ESSER III - Math Enrichment Programs	84.425U	PRC 189	90,582
COVID-19 - ESSER III - Cyberbullying & Suicide Prevention Grants	84.425U	PRC 192	1,280
COVID-19 - ESSER III - Principal Retention Supplements	84.425U	PRC 206	10,560
Total COVID-19 - Education Stabilization Fund	84.425		2,516,704

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	1,376,903
Special Needs Targeted Assistance	84.027	PRC 118	24,447
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	29,589
Total Special Education Cluster			1,430,939
Career and Technical Education - Basic Grants to States			
Program Development	84.048	PRC 017	65,988
Total U.S. Department of Education			5,158,640
Total Federal Assistance			**6,645,941**
State Grants:			
N.C. Department of Public Instruction:			
Cash Assistance:			
State Public School Fund		Various	37,229,597
Career and Technical Education:			
State Months of Employment		PRC 013	2,072,995
Program Support Funds		PRC 014	190,425
Driver Training		PRC 012	54,634
School Technology Fund		PRC 015	58,881
Cash assistance subtotal			39,606,532
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	171,163
Total N.C. Department of Public Instruction			39,777,695
N.C. Department of Agriculture:			
State Reduced Breakfast Program			1,830
State Reduced Lunch Program			5,271
Total N.C. Department of Agriculture			7,101
N.C. Department of Health and Human Services:			
Division of Child Development			
N.C. Pre-Kindergarten Program			828,148
N.C. Department of Public Safety:			
Division of Juvenile Justice			
Student Assistance Program			2,500
Total State Assistance			**40,615,444**
Total Federal and State Assistance			**$ 47,261,385**

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 Dare County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Dare County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Dare County Board of Education.

Note 2. Summary of Significant Accounting Policies

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

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