

**RANDOLPH COUNTY  
SCHOOL SYSTEM  
Asheboro, North Carolina**

*Financial Statements  
For the Fiscal Year Ended  
June 30, 2024*

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**TABLE OF CONTENTS**

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<u>Exhibit</u>	<u>Page No.</u>
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
1    Statement of Net Position .....	12
2    Statement of Activities.....	13
Fund Financial Statements:	
3    Balance Sheet - Governmental Funds .....	14
4    Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	15
5    Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Annually Budgeted Major Special Revenue Funds .....	17
6    Statement of Net Position - Proprietary Fund Types.....	20
7    Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Types.....	21
8    Statement of Cash Flows - Proprietary Fund Types .....	22
Notes to the Financial Statements.....	24
Required Supplementary Information:	
Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System .....	50
Schedule of Board Contributions – Teachers' and State Employees' Retirement System .....	51
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund .....	52
Schedule of Board Contributions – Retiree Health Benefit Fund .....	53
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Disability Income Plan of North Carolina .....	54
Schedule of Board Contributions – Disability Income Plan of North Carolina .....	55
Individual Fund Budgetary Schedules:	
A-1    Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	56
B-1    Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund .....	57
C-1    Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund .....	58

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**TABLE OF CONTENTS (Continued)**

---

	<u>Page No.</u>
Compliance Section:	
Report on internal control over financial reporting and on compliance and Other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .....	60
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 .....	62
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 question costs .....	68
Corrective action plan .....	71
Summary schedule of prior audit findings .....	72
Schedule of expenditures of Federal and State awards .....	73



ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

To the Randolph County Board of Education  
Asheboro, North Carolina

***Opinions***

We have audited accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Randolph County School System, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise of the Randolph County School System'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 Randolph County School System as of June 30, 2024, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Federal Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller 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 Randolph County School System 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 Audit of the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 raises substantial doubt about Randolph County School System's ability to continue as a going concern for the 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- Exercised professional judgement and maintained 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 responsible 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 Randolph County School System'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 Randolph County School System's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedule of the Proportionate Share of the Net Pension Liability, OPEB Liabilities and the Schedule of Board Contributions on pages 50 through 55, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 Randolph County School System's basic financial statements. The budgetary schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, individual fund budgetary schedules and the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2024 on our consideration of Randolph County School System'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 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 Randolph County School System'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 Randolph County School System's internal control over financial reporting and compliance.

*Anderson Smith & Wike PLLC*

August 27, 2024  
Elon, North Carolina  
(336) 380-4123

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2024**

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This section of the Randolph County School System'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**

- The liabilities and deferred inflows of resources of the Board exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$21,182,640.
- The Board's total net position increased by \$6,993,419.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$16,725,763, an increase of \$2,689,502.

**Overview of the Financial Statements**

The audited financial statements of the Randolph County School System consist of four components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary schedules and other schedules for governmental, enterprise funds, and fiduciary fund*

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

### **Government-wide Statements**

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

The two government-wide statements report the Board's net position and how it has changed. Net position is the difference between the Board's assets 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 Randolph County's (the County) 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, the Randolph County School System supplemental city school tax, 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.

Randolph County School System 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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2024**

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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 Federal Grants Fund, the Individual Schools Fund and the Capital Outlay Fund.

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

*Proprietary fund:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Randolph County School System has one proprietary fund – an enterprise fund – the School Food Service Fund.

The proprietary fund statements are shown as Exhibits 6, 7, and 8 of this report.

***Financial Analysis of the Board as a Whole***

Net position may serve over time as one useful indicator of the fiscal health of the Board. The Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$21,115,321 as of June 30, 2024, an increase of \$7,060,738 as compared to the prior fiscal year. The largest component of net position is the net investment in capital assets (e.g. land, buildings, machinery and equipment). The net investment in capital assets totaled \$155,464,247 at June 30, 2024.

**RANDOLPH COUNTY SCHOOL SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2024**

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Following is a summary of the statement of Net Position:

**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 assets	\$ 17,340,968	\$ 14,545,435	\$ 8,094,427	\$ 7,860,147	\$ 25,435,395	\$ 22,405,582
Capital assets	155,646,808	160,176,255	360,284	291,879	156,007,092	160,468,134
Total assets	<u>172,987,776</u>	<u>174,721,690</u>	<u>8,454,711</u>	<u>8,152,026</u>	<u>181,442,487</u>	<u>182,873,716</u>
Deferred outflows of resources	<u>80,371,224</u>	<u>71,543,301</u>	<u>2,815,453</u>	<u>2,392,176</u>	<u>83,186,677</u>	<u>73,935,477</u>
Current liabilities	600,299	497,780	77,792	93,721	678,091	591,501
Long-term liabilities	<u>229,467,142</u>	<u>203,840,296</u>	<u>7,841,482</u>	<u>6,638,180</u>	<u>237,308,624</u>	<u>210,478,476</u>
Total liabilities	<u>230,067,441</u>	<u>204,338,076</u>	<u>7,919,274</u>	<u>6,731,901</u>	<u>237,986,715</u>	<u>211,069,977</u>
Deferred inflows of resources	<u>46,141,408</u>	<u>71,523,752</u>	<u>1,616,362</u>	<u>2,391,523</u>	<u>47,757,770</u>	<u>73,915,275</u>
Net investment in capital assets	155,103,963	159,847,354	360,284	291,879	155,464,247	160,139,233
Restricted net position	4,905,702	4,868,390	-	-	4,905,702	4,868,390
Unrestricted net position	<u>(182,859,514)</u>	<u>(194,312,581)</u>	<u>1,374,244</u>	<u>1,128,899</u>	<u>(181,485,270)</u>	<u>(193,183,682)</u>
Total net position	<u>\$ (22,849,849)</u>	<u>\$ (29,596,837)</u>	<u>\$ 1,734,528</u>	<u>\$ 1,420,778</u>	<u>\$ (21,115,321)</u>	<u>\$ (28,176,059)</u>

Note that net position of governmental activities increased by approximately \$6.7 million during the year, indicating an improvement in the financial condition of the Board. Also note that the Board carries capital assets for which Randolph County carries the offsetting debt.

**RANDOLPH COUNTY SCHOOL SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2024**

The following table shows the revenues and expenses for 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	\$ 5,403,134	\$ 5,330,840	\$ 1,692,793	\$ 2,135,500	\$ 7,095,927	\$ 7,466,340
Operating grants and contributions	143,047,709	138,600,010	9,950,933	8,745,756	152,998,642	147,345,766
Capital grants and contributions	811,950	448,411	-	-	811,950	448,411
General revenues:						
Randolph County	26,877,263	26,432,641	-	-	26,877,263	26,432,641
Supplemental school tax	2,779,728	2,635,531	-	-	2,779,728	2,635,531
Other revenues	4,897,699	7,801,611	168,027	76,208	5,065,726	7,877,819
Total revenues	<u>183,817,483</u>	<u>181,249,044</u>	<u>11,811,753</u>	<u>10,957,464</u>	<u>195,629,236</u>	<u>192,206,508</u>
Expenses:						
Governmental activities:						
Instructional services	140,055,365	126,402,053	-	-	140,055,365	126,402,053
System-wide support services	34,070,129	28,562,558	-	-	34,070,129	28,562,558
Ancillary services	345,197	337,431	-	-	345,197	337,431
Non-programmed charges	2,191,364	1,953,292	-	-	2,191,364	1,953,292
Unallocated depreciation	327,446	275,525	-	-	327,446	275,525
Business-type activities:						
Child Nutrition	-	-	11,578,997	9,769,459	11,578,997	9,769,459
Total expenses	<u>176,989,501</u>	<u>157,530,859</u>	<u>11,578,997</u>	<u>9,769,459</u>	<u>188,568,498</u>	<u>167,300,318</u>
Excess (deficiency) before transfers	6,827,982	23,718,185	232,756	1,188,005	7,060,738	24,906,190
Transfers in (out)	(80,994)	(87,401)	80,994	87,401	-	-
Change in net position	6,746,988	23,630,784	313,750	1,275,406	7,060,738	24,906,190
Beginning net position	(29,596,837)	(53,227,621)	1,420,778	145,372	(28,176,059)	(53,082,249)
Ending net position	<u>\$(22,849,849)</u>	<u>\$(29,596,837)</u>	<u>\$ 1,734,528</u>	<u>\$ 1,420,778</u>	<u>\$(21,115,321)</u>	<u>\$(28,176,059)</u>

Governmental activities generated revenues of \$183.8 million for fiscal year 2024 compared to \$181.2 million for the previous year. Governmental activities expenses totaled \$177.0 million for fiscal year 2024 compared to \$157.5 million for the previous year. After transfers to the business-type activities, the increase in net position stands at approximately \$6.7 million at June 30, 2024 compared to an increase of \$23.6 million in 2023.

County funding comprised 14.6% of total governmental revenues in fiscal years 2023 and 2024. The amount of the Randolph County School System supplemental school tax received was 1.5% of total governmental revenues for the year. Much of the remaining governmental revenues consist of restricted state and federal money. Instructional expenses comprised 79.1% of total governmental expenses for fiscal year 2024 compared to 80.2% for fiscal year 2023. Support services accounted for 19.2% and 18.1% of expenses in fiscal years 2024 and 2023, respectively.

Business-type activities generated revenues of approximately \$11.7 million for fiscal year 2024 and \$11.0 million for fiscal year 2023. At the same time, expenses for the business-type activities were approximately \$11.6 million for fiscal year 2024 compared to \$9.8 million for fiscal year 2023. Thus, net position increased in the business-type activities by \$313,750 after transfers in from the governmental activities of \$80,994.

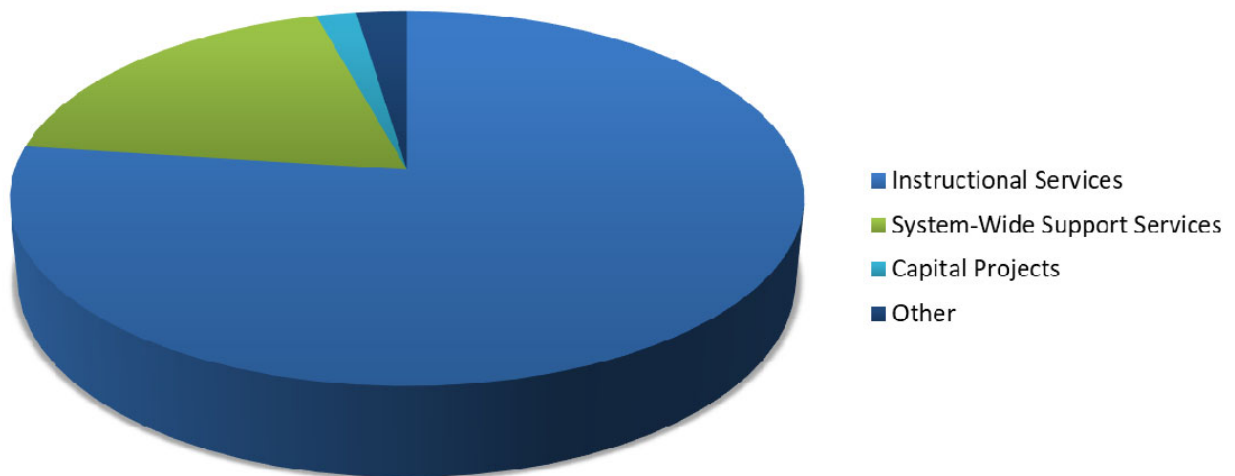
**Financial Analysis of the Board's Funds**

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

The Board's governmental funds reported a combined fund balance of \$16.7 million, a \$2.7 million increase from last year. The General Fund reported a \$2.8 million increase in fund balance.

Proprietary Fund: The Board's business-type fund, the School Food Service Fund, had an increase in net position in the current year of \$313,750.

**Categorization of Expenditures for Governmental Funds**



Expenditures are presented on the modified accrual basis of accounting.

**General Fund Budgetary Highlights**

Over the course of the year, the Board revised the budget several times to account for changes in expenditures.

**RANDOLPH COUNTY SCHOOL SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2024**

**Capital Assets**

Following is a summary of capital assets, net of accumulated depreciation at year-end.

	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	\$ 5,536,989	\$ 5,536,989	\$ -	\$ -	\$ 5,536,989	\$ 5,536,989
Buildings	142,369,768	147,067,770	-	-	142,369,768	147,067,770
Equipment and furniture	2,685,684	2,490,443	360,284	291,879	3,045,968	2,782,322
Vehicles	5,054,367	5,081,053	-	-	5,054,367	5,081,053
Total	<u>\$ 155,646,808</u>	<u>\$ 160,176,255</u>	<u>\$ 360,284</u>	<u>\$ 291,879</u>	<u>\$ 156,007,092</u>	<u>\$ 160,468,134</u>

Capital assets decreased \$4,461,042 or (2.8%) over the previous year. Additional information regarding the Board's capital assets can be found in Note 2 to the financial statements.

**Debt Outstanding**

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. At the end of fiscal year 2024, the Board's outstanding debt was composed of installment purchase obligations related to school buses, the liability for compensated absences to be paid from governmental and proprietary funds and pension plan obligations. The County holds all debt issued for school capital construction. Additional information regarding the Board's debt can be found in Note 2 to the financial statements.

**Economic Factors Affecting Next Year's Budget**

In September 2023, the North Carolina General Assembly passed a state biennium budget for fiscal year 2024.

- The state budget will provide staff an average 7% increase over the biennium.
- The annual cost of employer provided hospitalization insurance will increase from \$7,557 to \$8,095 per employee, representing a 7.1% change.
- The Randolph County Board of Commissioners approved an appropriation of \$25,130,898 in current expense funding, and \$2,163,825 in capital outlay funding for the 2024 fiscal year. They also continued the appropriation of \$950,000 for various facility repairs and upgrades.
- The Randolph County School System's Archdale-Trinity supplemental tax rate for fiscal year 2024 will remain at \$.0703 per \$100 of assessed taxable valuation. A slight increase in revenue is expected.

***Requests for Information***

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

Marty Trotter, Finance Officer  
Randolph County School System  
2222-C South Fayetteville Street  
Asheboro, NC 27205

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,021,329	\$ 7,690,201	\$ 23,711,530
Due from other governments	-	288,100	288,100
Receivables	134,743	-	134,743
Taxes receivable, net	14,906	-	14,906
Internal balances	34,952	(34,952)	-
Inventories	1,135,038	151,078	1,286,116
Capital assets:			
Land	5,536,989	-	5,536,989
Other capital assets, net of depreciation	150,109,819	360,284	150,470,103
Total capital assets	155,646,808	360,284	156,007,092
Total assets	172,987,776	8,454,711	181,442,487
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	80,371,224	2,815,453	83,186,677
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	600,299	-	600,299
Unearned revenues	-	77,792	77,792
Long-term liabilities:			
Due within one year:			
Obligations under installment purchases	292,608	-	292,608
Compensated absences	4,299,521	95,248	4,394,769
Due in more than one year:			
Net pension liability	91,324,328	3,199,147	94,523,475
Net OPEB liability	128,694,491	4,508,247	133,202,738
Obligations under installment purchases	250,237	-	250,237
Compensated absences	4,605,957	38,840	4,644,797
Total liabilities	230,067,441	7,919,274	237,986,715
<b>DEFERRED INFLOWS OF RESOURCES</b>	46,141,408	1,616,362	47,757,770
<b>NET POSITION</b>			
Net investment in capital assets	155,103,963	360,284	155,464,247
Restricted for:			
Individual school activities	2,216,913	-	2,216,913
Trinity/Archdale tax district	363,883	-	363,883
Stabilization by State statute	217,745	-	217,745
Instructional services	430,902	-	430,902
School Capital Outlay	1,676,259	-	1,676,259
Unrestricted	(182,859,514)	1,374,244	(181,485,270)
Total net position	\$ (22,849,849)	\$ 1,734,528	\$ (21,115,321)

The accompanying notes are an integral part of the basic financial statements.

Page 12

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

*Exhibit 2*

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 81,859,463	\$ 203,283	\$ 72,874,149	\$ 169,944	\$ (8,612,087)	\$ -	\$ (8,612,087)
Special populations	18,776,202	-	18,685,360	-	(90,842)	-	(90,842)
Alternative programs	11,350,655	-	11,154,073	-	(196,582)	-	(196,582)
School leadership	10,365,987	-	9,462,346	-	(903,641)	-	(903,641)
Co-curricular services	5,834,787	5,199,851	-	-	(634,936)	-	(634,936)
School-based support	11,868,271	-	11,122,257	-	(746,014)	-	(746,014)
System-wide support services							
Support and development	1,080,450	-	650,536	-	(429,914)	-	(429,914)
Special population support and development	1,701,600	-	1,540,131	-	(161,469)	-	(161,469)
Alternative programs	215,976	-	108,949	-	(107,027)	-	(107,027)
Technology support	1,205,700	-	1,011,898	-	(193,802)	-	(193,802)
Operational support	24,368,071	-	14,675,275	642,006	(9,050,790)	-	(9,050,790)
Financial and human resource services	2,593,814	-	850,796	-	(1,743,018)	-	(1,743,018)
Accountability	190,564	-	22,316	-	(168,248)	-	(168,248)
System-wide pupil support	1,593,762	-	306,223	-	(1,287,539)	-	(1,287,539)
Policy, leadership and public relations	1,120,192	-	583,400	-	(536,792)	-	(536,792)
Ancillary services	345,197	-	-	-	(345,197)	-	(345,197)
Non-programmed charges	2,191,364	-	-	-	(2,191,364)	-	(2,191,364)
Unallocated depreciation expense**	327,446	-	-	-	(327,446)	-	(327,446)
Total governmental activities	<u>176,989,501</u>	<u>5,403,134</u>	<u>143,047,709</u>	<u>811,950</u>	<u>(27,726,708)</u>	<u>-</u>	<u>(27,726,708)</u>
Business-type activities:							
School food service	11,578,997	1,692,793	9,950,933	-	-	64,729	64,729
Total primary government	<u>\$ 188,568,498</u>	<u>\$ 7,095,927</u>	<u>\$ 152,998,642</u>	<u>\$ 811,950</u>	<u>(27,726,708)</u>	<u>64,729</u>	<u>(27,661,979)</u>
General revenues:							
Unrestricted county appropriations - operating					23,762,040	-	23,762,040
Unrestricted county appropriations - capital					3,115,223	-	3,115,223
Supplemental city school tax					2,779,728	-	2,779,728
Investment earnings, unrestricted					113,680	167,854	281,534
Miscellaneous, unrestricted					4,784,019	173	4,784,192
Transfers					(80,994)	80,994	-
Total general revenues and transfers					<u>34,473,696</u>	<u>249,021</u>	<u>34,722,717</u>
Change in net position					6,746,988	313,750	7,060,738
Net position-beginning					(29,596,837)	1,420,778	(28,176,059)
Net position-ending					<u>\$ (22,849,849)</u>	<u>\$ 1,734,528</u>	<u>\$ (21,115,321)</u>

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

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## **FUND FINANCIAL STATEMENTS**

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**RANDOLPH COUNTY SCHOOL SYSTEM**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2024**

**Exhibit 3**

	Major Funds					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,095,013	\$ -	\$ 2,216,913	\$ 1,709,403	\$ -	\$ 16,021,329
Receivables	134,743	-	-	-	-	134,743
Due from other fund	68,096	-	-	-	-	68,096
Taxes receivable (net)	14,906	-	-	-	-	14,906
Inventories	675,479	459,559	-	-	-	1,135,038
Total assets	<u>\$ 12,988,237</u>	<u>\$ 459,559</u>	<u>\$ 2,216,913</u>	<u>\$ 1,709,403</u>	<u>\$ -</u>	<u>\$ 17,374,112</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 600,299	\$ -	\$ -	\$ -	\$ -	\$ 600,299
Due to other fund	-	-	-	33,144	-	33,144
Total liabilities	<u>600,299</u>	<u>-</u>	<u>-</u>	<u>33,144</u>	<u>-</u>	<u>633,443</u>
Deferred inflows of resources	<u>14,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,906</u>
Fund balances:						
Nonspendable						
Inventories	675,479	459,559	-	-	-	1,135,038
Restricted:						
Stabilization by State statute	217,745	-	-	-	-	217,745
Trinity/Archdale tax district	363,883	-	-	-	-	363,883
School capital outlay	-	-	-	1,676,259	-	1,676,259
Individual schools	-	-	2,216,913	-	-	2,216,913
Instructional services	430,902	-	-	-	-	430,902
Assigned:						
Subsequent year's expenditures	653,872	-	-	-	-	653,872
Unassigned	<u>10,031,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,031,151</u>
Total fund balances	<u>12,373,032</u>	<u>459,559</u>	<u>2,216,913</u>	<u>1,676,259</u>	<u>-</u>	<u>16,725,763</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,988,237</u>	<u>\$ 459,559</u>	<u>\$ 2,216,913</u>	<u>\$ 1,709,403</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	155,646,808
Deferred outflows of resources related to pensions.	52,754,924
Taxes receivable are not available to pay for current period expenditures	14,906
Deferred outflows of resources related to OPEB	27,616,300
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the	(9,448,323)
Net pension liability	(91,324,328)
Net OPEB liability	(128,694,491)
Deferred inflows of resources related to OPEB	(44,221,240)
Deferred inflows of resources related to pensions	(1,920,168)
Net position of governmental activities	<u>\$ (22,849,849)</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2024**

**Exhibit 4**

	Major Funds					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
<b>REVENUES</b>						
State of North Carolina	\$ 1,024,569	\$ 120,187,863	\$ -	\$ 642,006	\$ -	\$ 121,854,438
Randolph County	23,762,040	-	-	3,115,223	-	26,877,263
U.S. Government	396,054	-	-	-	22,029,100	22,425,154
Supplemental school tax	2,779,728	-	-	-	-	2,779,728
Other	4,705,246	-	5,199,851	178,966	-	10,084,063
Total revenues	<u>32,667,637</u>	<u>120,187,863</u>	<u>5,199,851</u>	<u>3,936,195</u>	<u>22,029,100</u>	<u>184,020,646</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Instructional services:						
Regular instructional	7,061,701	66,346,881	-	-	6,084,025	79,492,607
Special populations	1,127,628	15,130,766	-	-	3,373,230	19,631,624
Alternative programs	1,596,143	4,753,119	-	-	5,319,350	11,668,612
School leadership	1,610,571	9,181,379	-	-	266,631	11,058,581
Co-curricular services	730,131	-	5,132,284	-	-	5,862,415
School-based support	1,414,068	10,134,620	-	-	937,245	12,485,933
System-wide support services:						
Support and development	502,964	468,193	-	-	173,039	1,144,196
Special population support and development	270,762	904,771	-	-	602,942	1,778,475
Alternative programs and services	120,953	-	-	-	103,390	224,343
Technology support	240,636	695,762	-	-	300,006	1,236,404
Operational support	9,561,405	10,758,351	-	855,950	3,717,073	24,892,779
Financial and human resource services	1,821,312	821,088	-	-	28,192	2,670,592
Accountability	182,293	22,316	-	-	-	204,609
System-wide pupil support	332,522	306,223	-	-	-	638,745
Policy, leadership and public relations	594,196	583,400	-	-	-	1,177,596
Ancillary services	368,788	-	-	-	-	368,788
Non-programmed charges:						
Payments to charter schools	2,183,245	-	-	-	-	2,183,245
Other	8,119	-	-	-	1,123,977	1,132,096
<b>Debt service:</b>						
Principal payments	-	-	-	642,006	-	642,006
<b>Capital outlay</b>	-	-	-	3,441,391	-	3,441,391
Total expenditures	<u>29,727,437</u>	<u>120,106,869</u>	<u>5,132,284</u>	<u>4,939,347</u>	<u>22,029,100</u>	<u>181,935,037</u>
Revenues over (under) expenditures	2,940,200	80,994	67,567	(1,003,152)	-	2,085,609
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers to other funds	-	(80,994)	-	-	-	(80,994)
Installment purchase obligations issued	-	-	-	855,950	-	855,950
Total other financing sources (uses)	-	<u>(80,994)</u>	-	<u>855,950</u>	-	<u>774,956</u>
Net change in fund balance	2,940,200	-	67,567	(147,202)	-	2,860,565
Fund balances-beginning	9,599,561	463,893	2,149,346	1,823,461	-	14,036,261
Change in reserve for inventories	(166,729)	(4,334)	-	-	-	(171,063)
Fund balances-ending	<u>\$ 12,373,032</u>	<u>\$ 459,559</u>	<u>\$ 2,216,913</u>	<u>\$ 1,676,259</u>	<u>\$ -</u>	<u>\$ 16,725,763</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2024**

**Exhibit 4**  
**(Continued)**

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

Net changes in fund balances - total governmental funds	\$ 2,860,565
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.	(4,493,834)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in reserve for inventories	(171,063)
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	6,739,331
Contributions to the pension plan in the current fiscal year are not included in the	16,388,197
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue	3,512
OPEB nonemployer contributions	168,898
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(213,944)
Some expenses reported in the statement of activities do not require the use of current	
Pension expense	(22,207,287)
Net OPEB expense	7,918,900
Compensated absences	(210,674)
Loss on disposal of assets	(35,613)
Total changes in net position of governmental activities	<u>\$ 6,746,988</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**

**For the Year Ended June 30, 2024**

**Exhibit 5**

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ 745,000	\$ 745,000	\$ 1,024,569	\$ 279,569
Randolph County	23,762,040	24,762,040	23,762,040	(1,000,000)
U.S. Government	306,000	481,000	396,054	(84,946)
Supplemental city school tax	2,607,000	2,593,620	2,779,728	186,108
Other	3,204,000	2,554,500	4,705,246	2,150,746
Total revenues	<u>30,624,040</u>	<u>31,136,160</u>	<u>32,667,637</u>	<u>1,531,477</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services	12,042,810	13,711,421	13,540,242	171,179
System-wide support services	16,436,130	15,392,130	13,627,043	1,765,087
Ancillary services	-	415,000	368,788	46,212
Non-programmed charges	2,145,100	2,210,100	2,191,364	18,736
Total expenditures	<u>30,624,040</u>	<u>31,728,651</u>	<u>29,727,437</u>	<u>2,001,214</u>
Revenues over (under) expenditures	-	(592,491)	2,940,200	3,532,691
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	(592,491)	2,940,200	3,532,691
Appropriated fund balance	-	592,491	-	592,491
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	2,940,200	<u>\$ 2,940,200</u>
Fund balances, beginning of year			9,599,561	
Change in reserve for inventories			<u>(166,729)</u>	
Fund balances, end of year			<u>\$ 12,373,032</u>	

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2024**

*Exhibit 5 (Continued)*

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ 117,689,931	\$ 122,946,494	\$ 120,187,863	\$ (2,758,631)
Randolph County	-	-	-	-
U.S. Government	-	-	-	-
Supplemental city school tax	-	-	-	-
Other	-	-	-	-
Total revenues	<u>117,689,931</u>	<u>122,946,494</u>	<u>120,187,863</u>	<u>(2,758,631)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services	104,676,519	107,895,644	105,546,765	2,348,879
System-wide support services	12,907,156	14,941,594	14,560,104	381,490
Ancillary services	106,256	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	<u>117,689,931</u>	<u>122,837,238</u>	<u>120,106,869</u>	<u>2,730,369</u>
Revenues over (under) expenditures	-	109,256	80,994	(28,262)
Other financing sources (uses):				
Transfers to other funds	-	(109,256)	(80,994)	28,262
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			463,893	
Decrease (increase) in reserve for inventories			<u>(4,334)</u>	
Fund balances, end of year			<u>\$ 459,559</u>	

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2024**

*Exhibit 5 (Continued)*

	<b>Federal Grants Fund</b>			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Randolph County	-	-	-	-
U.S. Government	29,556,176	30,391,087	22,029,100	(8,361,987)
Supplemental city school tax	-	-	-	-
Other	-	-	-	-
Total revenues	<u>29,556,176</u>	<u>30,391,087</u>	<u>22,029,100</u>	<u>(8,361,987)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services	20,220,348	20,638,227	15,980,481	4,657,746
System-wide support services	4,646,526	5,376,050	4,924,642	451,408
Ancillary services	-	-	-	-
Non-programmed charges	4,689,302	4,376,810	1,123,977	3,252,833
Total expenditures	<u>29,556,176</u>	<u>30,391,087</u>	<u>22,029,100</u>	<u>8,361,987</u>
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			-	
Decrease (increase) in reserve for inventories			-	
Fund balances, end of year			<u>\$ -</u>	

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**June 30, 2024**

**Exhibit 6**

	<u>Enterprise Funds</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 7,690,201
Due from other governments	288,100
Inventories	151,078
Total current assets	<u>8,129,379</u>
Noncurrent assets:	
Capital assets, net	360,284
Total assets	<u>8,489,663</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>2,815,453</u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to other fund	34,952
Compensated absences	95,248
Unearned revenues	77,792
Total current liabilities	<u>207,992</u>
Noncurrent liabilities:	
Net pension liability	3,199,147
Net OPEB liability	4,508,247
Compensated absences	38,840
Total liabilities	<u>7,954,226</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>1,616,362</u>
<b>NET POSITION</b>	
Net investment in capital assets	360,284
Unrestricted	1,374,244
Total net position	<u>\$ 1,734,528</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2024**

**Exhibit 7**

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
<b>OPERATING REVENUES</b>	
Food sales	\$ 1,692,793
<b>OPERATING EXPENSES</b>	
Purchase of food	5,257,472
Salaries and benefits	5,416,060
Indirect costs	433,595
Materials and supplies	239,309
Contracted services	69,523
Repairs and maintenance	65,281
Depreciation	50,371
Other	47,386
Total operating expenses	<u>11,578,997</u>
Operating income (loss)	<u>(9,886,204)</u>
<b>NONOPERATING REVENUES</b>	
Federal reimbursements	9,155,746
Federal commodities	772,272
State reimbursements	19,280
Interest earned	167,854
Indirect costs not paid	3,635
Gain on sale of capital assets	173
Total nonoperating revenues	<u>10,118,960</u>
Income (loss) before transfers	232,756
Transfer from other funds	<u>80,994</u>
Change in net position	313,750
Total net position - beginning	<u>1,420,778</u>
Total net position - ending	<u>\$ 1,734,528</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended June 30, 2024**

**Exhibit 8**

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,676,864
Cash paid for goods and services	(5,274,645)
Cash paid to employees for services	(5,411,196)
	<u>(9,008,977)</u>
Net cash provided (used) by operating activities	<u>(9,008,977)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal reimbursements	9,119,546
State reimbursements	19,280
Due to other funds	(37,929)
	<u>9,100,897</u>
Net cash provided by noncapital financing activities	<u>9,100,897</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING</b>	
Proceeds from the sale of capital assets	372
Acquisition of capital assets	(118,975)
	<u>(118,603)</u>
Net cash provided (used) by capital and financing activities	<u>(118,603)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments and other	<u>167,854</u>
Net increase (decrease) in cash and cash equivalents	141,171
Balances-beginning of the year	<u>7,549,030</u>
Balances-end of the year	<u>\$ 7,690,201</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2024**

**Exhibit 8 (Continued)**

Reconciliation of operating loss to net cash used by operating activities	
Operating income (loss)	<u>\$ (9,886,204)</u>
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	50,371
Donated commodities consumed	772,272
Transfers from other funds	80,994
Indirect costs not paid	3,635
Changes in assets deferred outflows of resources, and liabilities:	
(Increase) decrease in inventory	(18,980)
(Increase) decrease in deferred outflows	(423,277)
Increase (decrease) in net pension liability	484,083
Increase (decrease) in net OPEB liability	709,275
Increase (decrease) in deferred inflows	(775,161)
Increase (decrease) in unearned revenues	(15,929)
Increase (decrease) in compensated absences	<u>9,944</u>
Total adjustments	<u>877,227</u>
Net cash provided (used) by operating activities	<u><u>\$ (9,008,977)</u></u>

**Noncash investing, capital, and financing activities:**

The State Public School Fund paid operating expenses of \$80,994 of the School Food Service Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

Indirect costs of \$3,635 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibits 7 and C-1.

The School Food Service Fund received donated commodities with a value of \$772,272 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue.

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Randolph County School System conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Randolph County School System (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 Randolph 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.

Basis of Presentation

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Board's funds. 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 non-major 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. This fund is the "Local Current Expense Fund", which is mandated by state law (G.S. 115C-426).

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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*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.

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

*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 Randolph County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

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

The Board reports the following major enterprise fund:

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

Measurement Focus and Basis of Accounting

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

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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue fund, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move monies from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by a cumulative total of plus or minus ten percent. All such amendments must be approved by the governing board. During the year, several amendments to the original budget ordinance 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.

Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several immaterial 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.

Assets, Liabilities, and Fund Equity

Deposits and Investments

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

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

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest in 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. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

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.

Taxes Receivable (Net)

The Randolph County School District receives revenues each year from supplemental ad valorem property tax to be used for the Trinity-Archdale tax district. This tax was levied at a rate of \$0.0703 per \$100 of valuation for Trinity-Archdale ad valorem tax purposes. Collections of the tax are made by Randolph County and remitted to the Board upon collection.

Inventories

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

Capital Assets

The Board's capital assets are recorded at original cost. Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities, such as student desks, are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Randolph 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 financing agreements 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 have been met.

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

	<u>Years</u>
Buildings	25-50
Improvements	20
Equipment and furniture	5 - 20
Vehicles	6

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

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 will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion - pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. 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 will not be recognized as revenue until then. The Board has several items that meet this criterion - pension and OPEB related deferrals.

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.

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.

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, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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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 fund balance of ending inventories, which are not spendable resources.

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

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

Restricted for Trinity-Archdale tax district – portion of fund balance restricted for use in the Trinity-Archdale school district.

Restricted for school capital outlay – portion of fund balance that can only be used for school capital outlay. [G.S. 159-18 through 22]

Restricted for instructional services – grant and other revenues restricted for expenditures 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 fund raising activities for which they were collected.

*Assigned fund balance* – portion of fund balance that the Board of Education intends to use for specific purposes.

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.

*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 use resources in the following hierarchy: state funds, federal funds, local non-board of education funds, and board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board.

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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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 \$(39,575,612) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 298,716,244
Less Accumulated Depreciation	<u>143,069,436</u>
Net capital assets	155,646,808
Pension related deferred outflows of resources	52,754,924
OPEB related deferred outflows of resources	27,616,300
Liabilities for earned but deferred revenues in fund statements	14,906
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment financing	(542,845)
Compensated absences	(8,905,478)
Net pension liability	(91,324,328)
Net OPEB liability	(128,694,491)
Deferred inflows of resources related to pensions	(1,920,168)
Deferred inflows of resources related to OPEB	<u>(44,221,240)</u>
Total adjustment	<u>\$ (39,575,612)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$3,886,423 as follows:

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 1,642,397
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(6,136,231)
Revenues in Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in reserve for inventories	(171,063)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	16,388,197
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	6,739,331
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
OPEB nonemployer contributions	168,898
Change in deferred revenue for tax revenues	3,512
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	(22,207,287)
Net OPEB expense	7,918,900
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(210,674)
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 assets. This amount is the net effect of these differences in the treatment of long-term debt.	(213,944)
Loss on disposal of fixed assets	<u>(35,613)</u>
Total adjustment	<u>\$ 3,886,423</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Defined Benefit Pension Plan and OPEB Plans

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

**NOTE 2 - DETAIL NOTES ON ALL FUNDS**

Assets

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 \$23,711,530 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$22,693,514 and \$6,733,441 respectively. Of these balances, \$2,808,938 was covered by federal depository insurance and \$26,618,017 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.7

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Accounts Receivable

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

	Due from (to) other funds (Internal Balances)	Due from other governments	Taxes receivable	Other	Total
Governmental activities:					
General Fund	\$ 68,096	\$ -	\$ 14,906	\$134,743	\$ 217,745
Other governmental activities	(33,144)	-	-	-	(33,144)
Total governmental activities	<u>\$ 34,952</u>	<u>\$ -</u>	<u>\$ 14,906</u>	<u>\$134,743</u>	<u>\$ 184,601</u>

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

General Fund	
Allowance for taxes receivable	<u>\$ 21,696</u>

Amounts due from other governments at June 30, 2024, consists of the following:

Business-type activities:	
School Food Service Fund	<u>\$ 288,100</u> USDA Reimbursement

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Transfers</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,536,989	\$ -	\$ -	\$ 5,536,989
Capital assets being depreciated:				
Buildings	258,635,889	118,545	-	258,754,434
Equipment and furniture	9,156,502	558,300	211,389	9,503,413
Vehicles	23,984,824	965,552	28,968	24,921,408
Total capital assets being depreciated	<u>291,777,215</u>	<u>1,642,397</u>	<u>240,357</u>	<u>293,179,255</u>
Less accumulated depreciation for:				
Buildings	111,568,119	4,816,547	-	116,384,666
Equipment and furniture	6,666,059	327,446	175,776	6,817,729
Vehicles	18,903,771	992,238	28,968	19,867,041
Total accumulated depreciation	<u>137,137,949</u>	<u>6,136,231</u>	<u>204,744</u>	<u>143,069,436</u>
Total capital assets being depreciated, net	<u>154,639,266</u>			<u>150,109,819</u>
Governmental activity capital assets, net	<u>\$ 160,176,255</u>			<u>\$ 155,646,808</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 4,080,619	\$ 118,975	\$ 21,837	\$ 4,177,757
Less accumulated depreciation for:				
Equipment	<u>3,788,740</u>	<u>50,371</u>	<u>21,638</u>	<u>3,817,473</u>
School Food Service capital assets, net	<u>\$ 291,879</u>			<u>\$ 360,284</u>

Depreciation was charged to governmental functions as follows:

Regular Instruction services	\$ 4,816,547
System-wide support services	992,238
Unallocated depreciation	<u>327,446</u>
Total	<u>\$ 6,136,231</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Liabilities

Pension Plan and Other Postemployment Obligations

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](http://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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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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 \$16,962,283 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.

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

At June 30, 2024, the Board reported a liability of \$94,523,475 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, 2024 and at June 30, 2023, the Board's proportion was .57%.

For the year ended June 30, 2024, the Board recognized pension expense of \$23,040,480. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,705,899	\$ 697,650
Changes of assumptions	3,319,539	-
Net difference between projected and actual earnings on pension plan investments	26,324,781	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	290,459	1,289,783
Board contributions subsequent to the measurement date	<u>16,962,283</u>	<u>-</u>
Total	<u>\$ 54,602,961</u>	<u>\$ 1,987,433</u>

\$16,962,283 reported as deferred outflows of resources related to pensions resulting from the Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024.

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2025	\$ 11,204,071
2026	6,566,566
2027	16,758,094
2028	1,124,514
2029	-
Thereafter	-
Total	<u>\$ 35,653,245</u>

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

Inflation	2.50%
Salary increases	3.25% to 8.05%, including inflation and productivity factor
Investment rate of return	6.50%, 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 actuarial valuation were based on the actuarial experience study for the prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2022. 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:

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 asset, liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. 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%. 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 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:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$162,274,656	\$ 94,523,475	\$ 38,630,948

**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.

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Other Postemployment Benefits

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.

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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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 current fiscal year, the Board contributed 7.14% of covered payroll which amounted to \$6,869,580. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$187.0 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 \$174,815.

At June 30, 2024, Board reported a liability of \$133,070,817 for its proportionate share of the net 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, 2024 and at June 30, 2023, the Boards proportion was 0.50%, and 0.49%, respectively.

\$6,869,580 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**Year ended June 30:**

2025	\$ (11,383,600)
2026	(10,756,121)
2027	(4,769,731)
2028	2,527,097
2029	-
Thereafter	-
Total	<u>\$ (24,382,355)</u>

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

Inflation	2.50%
Salary increases	3.25 - 8.05% including a 3.25% inflation and productivity factor
Investment rate of return	6.50%
<b><u>Healthcare cost trend rates:</u></b>	
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 Collar 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 rate used to measure the total OPEB liability for the RHBF at June 30, 2024 and 2023 was 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:

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Net OPEB liability	\$ 156,983,647	\$ 133,070,817	\$ 113,597,397

*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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (5.00-6.50% Medical, 5.00-10.00% Rx, 5.00% Medicare, 3.00% Administrative Expenses)</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$ 109,862,797	\$ 133,070,817	\$ 162,999,589

*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.

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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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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 \$105,834 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, Board reported an OPEB liability of \$131,921 for its proportionate share of the net 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, 2024 and at June 30, 2023, the Boards proportion was .50%.

\$105,834 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2025	\$ 67,962
2026	42,374
2027	63,637
2028	25,217
2029	12,635
Thereafter	8,495
Total	<u>\$ 220,320</u>

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

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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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*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:

	<u>1% Decrease (2.00%)</u>	<u>Current Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB liability	\$ 158,588	\$ 131,921	\$ 104,769

*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 1.3%.

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

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

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense (revenue)	\$ 8,128,257	\$(187,170)	\$ 7,941,087
OPEB liability	133,070,817	131,921	133,202,738
Proportionate share of the net OPEB liability	0.499%	0.496%	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	\$ 1,465,370	\$ 115,612	\$ 1,580,982
Changes of assumptions	14,415,620	9,613	14,425,233
Net difference between projected and actual earnings on plan investments	1,063,038	172,307	1,235,345
Changes in proportion and defferences between Board contributions and proportionate share of contributions	4,342,431	24,311	4,366,742
Board contributions subsequent to the measurement date	<u>6,869,580</u>	<u>105,834</u>	<u>6,975,414</u>
Total Deferred Outflows of Resources	<u>\$28,156,039</u>	<u>\$ 427,677</u>	<u>\$28,583,716</u>
 Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ 130,383	\$ 73,069	\$ 203,452
Changes of assumptions	35,502,220	22,519	35,524,739
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>10,036,211</u>	<u>5,935</u>	<u>10,042,146</u>
Total Deferred Inflows of Resources	<u>\$45,668,814</u>	<u>\$ 101,523</u>	<u>\$45,770,337</u>

Accounts Payable

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

	<u>Vendors</u>
Governmental Activities:	
General	<u>\$ 600,299</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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Deferred Inflows of resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Board contributions and proportionate share of contributions	\$ 4,657,201	\$ 11,331,929
Changes in assumptions	17,744,772	35,524,739
Difference between projected and actual earnings on plan investments	27,560,126	-
Board contributions subsequent to the measurement date	23,937,697	-
Difference between expected and actual experience	<u>9,286,881</u>	<u>901,102</u>
Total	<u>\$ 83,186,677</u>	<u>\$ 47,757,770</u>

The General Fund reported \$14,906 of deferred inflows of resources related to the net amount of taxes receivable at year-end.

Unearned Revenues

The balance in unearned revenues at June 30, 2024 is composed of the following elements:

	<u>Unearned Revenues</u>
Prepaid lunch balances (School Food Service Fund)	<u>\$ 77,792</u>

Risk Management

The Board is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board utilizes commercial insurance to cover these various exposures. Through EMC Insurance Company, the Board maintains general liability and errors and omissions coverage of \$1 million per occurrence with a \$3 million aggregate per each policy period. In addition, the Board maintains an automobile liability and uninsured and under insured motorist coverage limits of \$1 million per occurrence through EMC Insurance Company for each policy period. Automobile physical damage coverage is provided by EMC as well.

During 2023-2024, EMC Insurance Company provided statutory workers' compensation coverage to the Board for its local and federally funded workers' compensation exposures pursuant to North Carolina law. In addition, EMC provided the Board with employers' liability coverage with limits of \$1 million bodily injury per accident and \$1 million bodily injury by

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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disease (per employee/coverage period limit). The State of North Carolina provided statutory workers' compensation coverage for the state funded workers' compensation exposures.

The Board purchases property, boiler and machine and inland marine coverage through Liberty Mutual Insurance coverage. The total property limit is \$651 million. Liberty Mutual has a catastrophic limit of \$500 million maximum per occurrence. The limits for flood and earthquake are \$5 million each. The deductible is \$5,000 for all covered losses except for flood and earthquake which is \$25,000. The limits purchased belong to the Board and are not shared. The business income limit is \$2 million and extra expense limit is \$1 million.

The Board also maintains an Umbrella policy with a limit of \$1 million. This provides additional liability coverage over general liability, auto liability, employers liability, and public officials/employment practices liability.

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. The Board pays the majority of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

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

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.

Long-Term Obligations

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 third party direct placement financing arrangements with various companies. The property is pledged as collateral for debt while the debt is outstanding. At June 30, 2024 the Board has such installment purchase agreements that require annual payments between \$36,245 and \$177,741.

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

Year Ending June 30,	Principal
2025	\$ 292,608
2026	213,990
2027	36,247
Total	<u>\$ 542,845</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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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:

	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement					
installment purchases	\$ 328,901	\$ 855,950	\$ 642,006	\$ 542,845	\$ 292,608
Net pension liability	81,199,981	10,124,347	-	91,324,328	-
Net OPEB liability	113,616,610	15,077,881	-	128,694,491	-
Compensated absences	<u>8,694,804</u>	<u>8,523,667</u>	<u>8,312,993</u>	<u>8,905,478</u>	<u>4,299,521</u>
Total governmental activities	<u>\$ 203,840,296</u>	<u>\$ 34,581,845</u>	<u>\$ 8,954,999</u>	<u>\$ 229,467,142</u>	<u>\$ 4,592,129</u>
Business-type activities:					
Net pension liability	\$ 2,715,064	\$ 484,083	\$ -	\$ 3,199,147	\$ -
Net OPEB liability	3,798,972	709,275	-	4,508,247	-
Compensated absences	<u>124,144</u>	<u>338,768</u>	<u>328,824</u>	<u>134,088</u>	<u>95,248</u>
Total business activities:	<u>\$ 6,638,180</u>	<u>\$ 1,532,126</u>	<u>\$ 328,824</u>	<u>\$ 7,841,482</u>	<u>\$ 95,248</u>

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

Interfund Balances

At June 30, 2024, the General Fund was due \$34,952 from the School Food Service Fund, and \$33,144 from the Capital Outlay fund for operating expenses. These amounts are expected to be repaid during the following fiscal year.

Transfers to/from other Funds

Transfers to/from other funds at June 30, 2024 consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 80,994</u>
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Net Investment in Capital Assets – Governmental Activities

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

Total governmental activities capital assets	\$ 155,646,808
Less:	
Installment purchase obligations	<u>542,845</u>
Net investment in capital assets, governmental activities	<u>\$ 155,103,963</u>

**RANDOLPH COUNTY SCHOOL SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2024**

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Fund Balance

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

Total fund balance - General Fund	\$ 12,373,032
Less:	
Inventories	675,479
Stabilization by State statute	217,745
Instructional services	430,902
Trinity/Archdale tax district	363,883
Appropriated Fund Balance in 2025 budget	<u>653,872</u>
Remaining fund balance	<u>\$ 10,031,151</u>

Supplemental School Tax

The supplemental school tax, approved in 1935 by the citizens of Trinity-Archdale, is currently 7.03¢ per \$100 of assessed valuation of taxable property located in the Trinity-Archdale tax district. The Randolph County School System's boundaries do not coincide with the Trinity-Archdale tax district. In compliance with North Carolina state law, the supplemental city school tax is levied, billed and collected by Randolph County. All property taxes, including the supplemental city school tax, are assessed as of July 1, the beginning of the County's fiscal year, and are based upon 100 percent of the assessed value as of January 1 the same year. All proceeds from the tax must be utilized as supplemental funding for schools within the Trinity-Archdale tax districts.

**NOTE 3 - 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.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

Schedule of Board Contributions  
Retiree Health Benefit Fund

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

Schedule of Board Contributions  
Disability Income Plan of North Carolina

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
*Last Ten Fiscal Years\**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net pension liability (asset)	0.57%	0.57%	0.55%	0.58%	0.60%
Board's proportionate share of the net pension liability (asset)	\$ 94,523,475	\$ 83,915,045	\$ 25,906,022	\$ 70,009,122	\$ 61,737,294
Board's covered-employee payroll	\$ 93,411,024	\$ 88,807,208	\$ 85,510,475	\$ 85,533,338	\$ 88,218,985
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	101.19%	94.49%	30.30%	81.85%	69.98%
Plan fiduciary net position as a percentage of the total pension liability	82.97%	84.14%	94.86%	85.98%	92.01%

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportion of the net pension liability (asset)	0.62%	0.64%	0.64%	0.64%	0.660%
Board's proportionate share of the net pension liability (asset)	\$ 61,158,667	\$ 50,433,680	\$ 59,327,190	\$ 23,705,397	\$ 7,720,389
Board's covered-employee payroll	\$ 86,990,242	\$ 86,271,669	\$ 83,439,964	\$ 85,290,182	\$ 83,593,947
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.31%	58.46%	71.10%	27.79%	9.24%
Plan fiduciary net position as a percentage of the total pension liability	91.89%	89.51%	87.32%	94.64%	98.24%

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

**This schedule is required supplementary information.**

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
*Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 16,962,283	\$ 16,234,836	\$ 14,546,621	\$ 12,638,448	\$ 11,093,674
Contributions in relation to the contractually required contribution	16,962,283	16,234,836	14,546,621	12,638,448	11,093,674
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 96,212,610	\$ 93,411,024	\$ 88,807,208	\$ 85,510,475	\$ 85,533,338
Contributions as a percentage of covered-employee payroll	17.63%	17.38%	16.38%	14.78%	12.97%

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,842,113	\$ 9,377,548	\$ 8,609,912	\$ 7,634,755	\$ 7,804,051
Contributions in relation to the contractually required contribution	10,842,113	9,377,548	8,609,912	7,634,755	7,804,051
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669	\$ 83,439,964	\$ 85,290,182
Contributions as a percentage of covered-employee payroll	12.29%	10.78%	9.98%	9.15%	9.15%

**This schedule is required supplementary information.**

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**RETIREE HEALTH BENEFIT FUND**  
*Last Eight Fiscal Years\**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net OPEB liability (asset)	0.50%	0.49%	0.48%	0.51%	0.53%
Board's proportionate share of the net OPEB liability (asset)	\$ 133,070,817	\$ 117,268,309	\$ 148,027,281	\$ 140,235,532	\$ 165,982,005
Board's covered-employee payroll	\$ 93,411,024	\$ 88,807,208	\$ 85,510,475	\$ 85,533,338	\$ 88,218,985
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	142.46%	132.05%	173.11%	163.95%	188.15%
Plan fiduciary net position as a percentage of the total OPEB liability	10.73%	10.58%	7.72%	6.92%	4.40%

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.55%	0.58%	0.560%
Board's proportionate share of the net OPEB liability (asset)	\$ 157,545,108	\$ 189,232,270	\$ 242,490,987
Board's covered-employee payroll	\$ 86,990,242	\$ 86,990,242	\$ 83,439,964
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	181.11%	217.53%	290.62%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	3.52%	2.41%

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

**This schedule is required supplementary information.**

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**RETIREE HEALTH BENEFIT FUND**  
*Last Eight Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 6,869,580	\$ 6,436,020	\$ 5,585,973	\$ 5,712,100	\$ 5,534,007
Contributions in relation to the contractually required contribution	<u>6,869,580</u>	<u>6,436,020</u>	<u>5,585,973</u>	<u>5,712,100</u>	<u>5,534,007</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 96,212,610	\$ 93,411,024	\$ 88,807,208	\$ 85,510,475	\$ 85,533,338
Contributions as a percentage of covered-employee payroll	7.14%	6.89%	6.29%	6.68%	6.47%

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 5,531,330	\$ 5,262,910	\$ 5,193,555
Contributions in relation to the contractually required contribution	<u>5,531,330</u>	<u>5,262,910</u>	<u>5,193,555</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669
Contributions as a percentage of covered-employee payroll	6.27%	6.05%	6.02%

**This schedule is required supplementary information.**

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**DISABILITY INCOME PLAN OF NORTH CAROLINA**  
*Last Eight Fiscal Years\**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net OPEB liability/asset	0.50%	0.50%	0.49%	0.51%	0.53%
Board's proportionate share of the net OPEB liability (asset)	\$ 131,921	\$ 147,273	\$ (79,877)	\$ (250,475)	\$ (227,375)
Board's covered payroll	\$ 93,411,024	\$ 88,807,208	\$ 85,510,475	\$ 85,533,338	\$ 88,218,985
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.14%	0.17%	0.09%	0.29%	0.26%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.61%	90.34%	105.18%	115.57%	113.00%

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability/asset	0.55%	0.56%	0.560%
Board's proportionate share of the net OPEB liability (asset)	\$ (166,385)	\$ (344,368)	\$ (358,621)
Board's covered payroll	\$ 86,990,242	\$ 86,271,669	\$ 83,439,964
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.19%	0.40%	-0.43%
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.

**This schedule is required supplementary information.**

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**DISABILITY INCOME PLAN OF NORTH CAROLINA**  
*Last Eight Fiscal Years\**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 105,834	\$ 93,411	\$ 79,926	\$ 76,959	\$ 85,533
Contributions in relation to the contractually required contribution	<u>105,834</u>	<u>93,411</u>	<u>79,926</u>	<u>76,959</u>	<u>85,533</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 96,212,610	\$ 93,411,024	\$ 88,807,208	\$ 85,510,475	\$ 85,533,338
Contributions as a percentage of covered-employee payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 123,506	\$ 121,786	\$ 327,833
Contributions in relation to the contractually required contribution	<u>123,506</u>	<u>121,786</u>	<u>327,833</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 88,218,985	\$ 86,990,242	\$ 86,271,669
Contributions as a percentage of covered-employee payroll	0.14%	0.14%	0.38%

**This schedule is required supplementary information.**

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**INDIVIDUAL FUND BUDGETARY SCHEDULES**

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**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2024**

	Budget	Actual	<b>Exhibit A-1</b> Positive (Negative) Variance
<b>Revenues:</b>			
State of North Carolina:			
NC Pre-Kindergarten Program	\$ 745,000	\$ 795,606	\$ 50,606
School Nurse Funding Initiative	150,000	150,000	-
Eastern Triad Workforce Initiative	-	78,963	78,963
Total	<u>895,000</u>	<u>1,024,569</u>	<u>129,569</u>
Randolph County:			
County appropriations	<u>23,762,040</u>	<u>23,762,040</u>	<u>-</u>
U.S. Government:			
ROTC	306,000	197,128	(108,872)
Local Food for Schools Program	-	28,982	28,982
Emergency Connectivity Grant	175,000	169,944	(5,056)
Total	<u>481,000</u>	<u>396,054</u>	<u>(84,946)</u>
Other:			
Trinity-Archdale District Supplemental school taxes	2,593,620	2,779,728	186,108
Miscellaneous	3,340,500	4,559,279	1,218,779
Miscellaneous - Trinity Archdale	38,000	46,127	8,127
Interest earned on investments	20,000	80,030	60,030
Interest earned on investments - Trinity-Archdale	6,000	19,810	13,810
Total	<u>5,998,120</u>	<u>7,484,974</u>	<u>1,486,854</u>
Total revenues	<u>31,136,160</u>	<u>32,667,637</u>	<u>1,452,514</u>
<b>Expenditures:</b>			
Instructional services			
Regular School		10,641,147	
Regular School - Trinity-Archdale District Funds		2,899,095	
Total Instructional Services	<u>13,711,421</u>	<u>13,540,242</u>	<u>171,179</u>
System-wide support services			
Regular School		13,583,241	
Regular School - Trinity-Archdale District Funds		43,802	
Total System-wide support services	<u>15,392,130</u>	<u>13,627,043</u>	<u>1,765,087</u>
Ancillary services			
Regular School		345,470	
Regular School - Trinity-Archdale District Funds		23,318	
Total Ancillary services	<u>415,000</u>	<u>368,788</u>	<u>46,212</u>
Non-programmed charges			
Payments to Charter Schools		2,183,245	
Other		8,119	
Total Non-programmed charges	<u>2,210,100</u>	<u>2,191,364</u>	<u>18,736</u>
Total expenditures	<u>31,728,651</u>	<u>29,727,437</u>	<u>2,001,214</u>
Revenues over (under) expenditures	(592,491)	2,940,200	3,453,728
Appropriated fund balance	<u>592,491</u>	<u>-</u>	<u>(592,491)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>2,940,200</u>	<u>\$ 2,940,200</u>
<b>Fund balances:</b>			
Beginning of year, July 1		9,599,561	
Change in reserve for inventories		(166,729)	
End of year, June 30		<u>\$ 12,373,032</u>	

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**  
**For the Year Ended June 30, 2024**

**Exhibit B-1**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 642,006	\$ 642,006	\$ -
Randolph County:			
General county appropriations	3,115,223	3,115,223	-
Other:			
Interest	-	13,840	13,840
Miscellaneous	100,000	165,126	65,126
	<u>100,000</u>	<u>178,966</u>	<u>78,966</u>
Total revenues	<u>3,857,229</u>	<u>3,936,195</u>	<u>78,966</u>
Expenditures:			
System-wide support services		855,950	
Capital outlay		3,441,391	
Debt service:			
Principal payments		642,006	
Total expenditures	<u>5,408,658</u>	<u>4,939,347</u>	<u>469,311</u>
Revenues under expenditures	(1,551,429)	(1,003,152)	548,277
Other financing sources (uses)			
Installment purchase obligations issued	<u>966,429</u>	<u>855,950</u>	<u>(110,479)</u>
Revenues over (under) expenditures and other sources			
(uses)	(1,551,429)	(147,202)	437,798
Appropriated fund balance	<u>585,000</u>	<u>-</u>	<u>(585,000)</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(147,202)</u>	<u>\$ (147,202)</u>
Fund balances:			
Beginning of year, July 1		1,823,461	
End of year, June 30		<u>\$ 1,676,259</u>	

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-**  
**GAAP) - SCHOOL FOOD SERVICE FUND**  
**For the Year Ended June 30, 2024**

**Exhibit C-1**

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Food sales	\$ 2,143,960	\$ 1,692,793	\$ (451,167)
Operating expenditures:			
Purchase of food		5,276,452	
Salaries and benefits		5,411,196	
Materials and supplies		239,309	
Contracted services		69,523	
Indirect costs		433,595	
Repairs and maintenance		65,281	
Capital outlay		118,975	
Other		47,386	
Total operating expenditures	<u>12,229,761</u>	<u>11,661,717</u>	<u>568,044</u>
Operating loss	<u>(10,085,801)</u>	<u>(9,968,924)</u>	<u>116,877</u>
Nonoperating revenues:			
Federal reimbursements	7,537,000	9,155,746	1,618,746
Federal commodities	703,361	772,272	68,911
State reimbursements	49,000	19,280	(29,720)
Interest earned	58,000	167,854	109,854
Other	15,000	173	(14,827)
Total nonoperating revenues	<u>8,362,361</u>	<u>10,115,325</u>	<u>1,752,964</u>
Revenues over (under) expenditures before other financing sources	(1,723,440)	146,401	1,869,841
Other financing sources:			
Transfers from other funds	-	80,994	80,994
Revenues and other sources over (under) expenditures	(1,723,440)	227,395	1,950,835
Appropriated fund balance	<u>1,723,440</u>	<u>-</u>	<u>(1,723,440)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ 227,395</u>	<u>\$ 227,395</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-**  
**GAAP) - SCHOOL FOOD SERVICE FUND**  
**For the Year Ended June 30, 2024**

**Exhibit C-1**  
**(Continued)**

	<u>Actual</u>
Reconciliation of modified accrual to full accrual basis:	
Revenues, other sources, and appropriated fund balance over expenditures	\$ 227,395
Reconciling items:	
Depreciation	(50,371)
Capital outlay	118,975
Indirect costs not paid	3,635
Increase (decrease) in inventory	18,980
(Increase) decrease in compensated absences	(9,944)
Deferred outflows	423,277
Net pension liability	(484,083)
Net OPEB liability	(709,275)
Deferred inflows	775,161
Change in net position	<u>\$ 313,750</u>

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## **COMPLIANCE SECTION**

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ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

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

**INDEPENDENT AUDITORS' REPORT**

**To the Randolph County School System  
Asheboro, 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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Randolph County School System, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Randolph County School System, North Carolina's basic financial statements and have issued our report thereon dated August 27, 2024.

*Report on Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Randolph County School System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. 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 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. However, material weaknesses may exist that have not been identified.

*Report on Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Randolph County School System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which

could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

*Purpose of this Report*

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

*Anderson Smith & Wike PLLC*

*August 27, 2024  
Elon, North Carolina*



ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

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

**To the Randolph County School System  
Asheboro, North Carolina**

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Randolph County School System'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 Randolph County School System's major federal programs for the year ended June 30, 2024. Randolph County School System'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, Randolph County School System complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Randolph County School System 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 Randolph County School System'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 Randolph County School System 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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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*

*August 27, 2024  
Elon, North Carolina*



ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

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

**To the Randolph County School System  
Asheboro, North Carolina**

### ***Report on Compliance for Each Major State Program***

#### ***Opinion on Each Major State Program***

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

In our opinion, Randolph County School System complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Randolph County School System 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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Randolph County School System'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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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*

*August 27, 2024  
Elon, North Carolina*

**Randolph County School System  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2024**

**Section I. Summary of Auditors' Results**

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes    X no
  - Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_yes    X none noted
- Noncompliance material to financial statements noted? \_\_\_yes    X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_yes    X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_yes    X none noted

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)? \_\_\_yes    X no

Identification of major federal programs:

AL Numbers	Names of Federal Program or Cluster
84.425	COVID 19 – Education Stabilization Fund
84.010	Title I

**Randolph County School System  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024**

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 970,595

Auditee qualified as low-risk auditee?  yes  no

State Awards

Internal control over major State programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none noted

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

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

Identification of major State programs:

Program Name

State Public School Fund  
CTE – State Months of Employment  
School Buses

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

Auditee qualified as low-risk auditee?  yes  no

**Randolph County School System  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024**

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Section II. Financial Statement Findings

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Finding: None Reported

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Section III. Federal Award Findings and Questioned Costs

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Finding: None Reported

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Section IV. State Award Findings and Questioned Costs

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Finding: None Reported



**Corrective Action Plan  
For the Year Ended June 30, 2024**

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Section II. Financial Statement Findings

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Finding: None Reported

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Section III. Federal Award Findings and Questioned Costs

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Finding: None Reported

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Section IV. State Award Findings and Questioned Costs

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Finding: None Reported

**Randolph County School System  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2024**

**Finding: 2023**

None Reported

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2024**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number		Expenditures
<b>Federal Grants:</b>			
<b>Cash Assistance:</b>			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service			
Passed-through the N.C. Department of Public Instruction:			
School Food Service Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 772,272
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	2,582,258
National School Lunch Program	10.555	PRC 035	6,191,078
Supply Chain Assistance Grant	10.555	PRC 035	363,198
Fresh Fruit and Vegetable Program	10.582	PRC 035	19,212
Cash Assistance Subtotal			<u>9,155,746</u>
Total School Food Service Cluster			<u>9,928,018</u>
Passed through the N.C. Department of Agriculture & Consumer Services			
Local Food for Schools Program	10.185	PRC 353	<u>28,982</u>
Total U.S. Department of Agriculture			<u>9,957,000</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050 & 115	4,853,033
Language Acquisition Grants	84.365	PRC 104	115,741
Student Support and Academic Enrichment Program	84.424	PRC 108	551,275
School Based Mental Health Services Grant	84.184	PRC 144	85,579
Supporting Effective Instruction State Grants	84.367	PRC 103	761,708
COVID-19 - Education Stabilization Fund			
CARES Act:			
ReThink Education Stipend	84.845B	PRC 146	14,851
CRRSA:			
ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	39,141
ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	66,312
ARP:			
ESSER III - K-12 Emergency Relief Fund	84.425U	PRC 181	10,527,647
ESSER III - Homeless II	84.425W	PRC 184	110,087
ESSER III - Summer Career Acceleratory Programs	84.425U	PRC 188	217,491
ESSER III - Math Enrichment Programs	84.425U	PRC 189	93,591
ESSER III - Cyberbullying & Suicide Prevention Grant	84.425U	PRC 192	56,188
ESSER III - NBPTS Certification Fee Reimbursement Program	84.425U	PRC 198	15,675
ESSER III - School Psychologists Grant	84.425U	PRC 204	353
ESSER III - Principal Retention Supplements	84.425U	PRC 206	47,209
Total COVID-19- Education Stabilization Fund			<u>11,188,545</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2024**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>		<u>Expenditures</u>
Office of Special Education and Rehabilitative Services Passed-through the N.C. Department of Public Instruction: Special Education Cluster: Individuals with Disabilities Education Act			
Special Education - Grants to States	84.027	PRC 060	4,025,759
Special Education - Targeted Assistance	84.027	PRC 118	16,268
Special Education - Targeted Assistance for Preschool	84.173	PRC 119	7,517
Special Education - Preschool Grants	84.173	PRC 049	90,090
Total Special Education Cluster			<u>4,139,634</u>
 Title VI-B, Education of the Handicapped	 84.323	 PRC 082	 <u>25,377</u>
 Passed-through the N.C. Department of Public Instruction: Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 Basic Grants to States Program Development			
	84.048	PRC 017	<u>308,208</u>
 Total U.S. Department of Education			 <u>22,029,100</u>
<b>Other Federal Assistance:</b>			
 <u>U.S. Department of Defense</u> Direct Program: JROTC			
	12.000		<u>197,128</u>
 <u>U.S. Federal Communications Commission</u> Direct Program: Emergency Connectivity Fund			
	32.009		<u>169,944</u>
 <b>Total Federal Assistance</b>			 <b><u>32,353,172</u></b>
<b>State Grants:</b>			
 <u>N.C. Department of Public Instruction:</u> State Public School Fund			113,675,029
Career Technical Education			
State Months of Employment		PRC 013	5,625,029
Program Support Funds		PRC 014	298,033
Driver Training		PRC 012	341,621
School Technology Fund		PRC 015	248,151
 Total N.C. Department of Public Instruction			 <u>120,187,863</u>
 <u>N.C. Department of Agriculture</u> State Reduced Breakfast Program			4,374
State Reduced Lunch Program			14,906
Total N.C. Department of Agriculture			<u>19,280</u>
 <u>Non-cash from N.C. Department of Public Instruction</u> Buses		PRC 120	<u>642,006</u>
 <u>N.C. Department of Commerce</u> Passed through Randolph County: Eastern Triad Workforce Initiative			 <u>78,963</u>

**RANDOLPH COUNTY SCHOOL SYSTEM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2024**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
<u>N.C. Department of Health and Human Services</u>		
Passed through Randolph County:		
School Nurse Funding Initiative		150,000
Passed through Randolph County Partnership for Children:		
NC Pre-Kindergarten Program	PRC 413	<u>795,606</u>
Total N.C. Department of Health and Human Services		<u>945,606</u>
<b>Total State Assistance</b>		<u>121,873,718</u>
<b>Total Federal and State Assistance</b>		<b><u>\$ 154,226,890</u></b>

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 Randolph County School System 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 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Randolph County School System, it is not intended to and does not present the financial position, changes in net assets or cash flows of Randolph County School System.

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.

Randolph County School System has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Cluster of Programs

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