



NORTH CAROLINA
STATE BOARD OF EDUCATION | Eric C. Davis, Chairman
DEPARTMENT OF PUBLIC INSTRUCTION | Maurice "Mo" Green, Superintendent

May 1, 2025

Winston-Salem/Forsyth County Board of Education
475 Corporate Square Drive
Winston-Salem, NC 27105

VIA ELECTRONIC MAIL

Dear Members of the Winston-Salem/Forsyth County Board of Education:

We have recently read press reports related to the overspent budget and overall negative financial health of your school district. In addition, we have received correspondence from concerned citizens in your community about your looming budget shortfall for the fiscal year 2024-25 in the amount of approximately \$16,000,000. At your April 8, 2025, board meeting, in response to the concerns about your financial status, your chief finance officer announced his resignation. Then at your April 22 board meeting, your Superintendent also resigned. Both resignations are effective June 30, 2025.

The Department of Public Instruction has recently received the financial statement audit for the year ending June 30, 2024. The audit was submitted over 4 months after the November 30, 2024 deadline. These audits are required to ensure that you have a report on the financial condition of your district and to allow you to take timely action to correct any deficiencies. The audit reflects material findings related to a reduction in fund balance, expenditure over budgeted revenues, and other items.

Specifically, your district's 2024 audit showed the following:

- A decline in the unassigned fund balance of \$17.7 million, leaving a balance of \$5.39 million, equating to only 0.7% of total expenditures;
- A decline in student membership of approximately 1% from fiscal year 2023, yet an increase in the total general fund expenditures of \$48.8 million or 7%; and
- Over \$16.2 million in expenditures that were not included in the budget, including
 - o \$9.6 million more spent from the General fund than had been appropriated;
 - o \$1.6 million more spent from federal funds than had been appropriated; and
 - o \$5 million more spent from the Child Nutrition Fund than had been appropriated.

The Department of Public Instruction has performed a cursory review of the State and federal allotments for your district for the current fiscal year ending June 30, 2025. The following items were noted from your year-to-date financial data as of the end of March 2025:

- Expenditures exceed the allotments in State Non-Instructional Support (PRC003) by \$10.3 million. DPI is not authorized to provide funding for these expenditures.
- Expenditures exceed the Federal ESSER III grant (PRC181) by \$3.7 million.

- The district is projected to exceed the State funded position allotments by a material amount, unless the district transfers the positions on to another funding source until the end of the year.

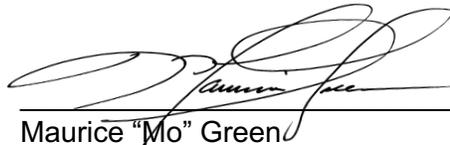
G.S.115C-451(b) requires the State Board of Education to ensure that local boards of education comply with State laws and regulations regarding budgeting, management, and expenditure on funds. In accordance with this law, the State Board of Education is directing the local board to provide a detailed explanation of the actions that your board and school staff taken place to mitigate any further budget shortfall for the fiscal year ending June 30, 2025. In addition, you must provide the State Board with a summary of actions that your Board and staff have taken to employ or contract with individuals who can provide technical assistance to assist you in making immediate correction actions for fiscal year 2025, and fiscal year 2026 budget. This information must be submitted to the State Board no later than Thursday, May 15, 2025.

Pursuant to G.S. 115C-451, this communication serves as a warning that you must meet your legal and fiscal oversight obligations to avoid financial sanctions and additional oversight of the district by the State Board of Education and DPI. We welcome the opportunity to engage in further dialogue about the current financial challenges facing Winston-Salem/Forsyth County Schools and trust that you will take the necessary corrective actions.

Sincerely,



Eric C. Davis, Chairman
North Carolina State Board of Education



Maurice "Mo" Green
Secretary, North Carolina State Board of Education

cc: Dr. Tricia McManus, Superintendent
Mr. Thomas Kranz, Chief Financial Officer