STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA

SAMPSON COMMUNITY COLLEGE

CLINTON, NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2022

A COMPONENT UNIT OF THE STATE OF NORTH CAROLINA

NCOSA

The Taxpayers' Watchdog

STATE OF NORTH CAROLINA

Office of the State Auditor

Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699
Telephone: (919) 807-7500
Fax: (919) 807-7647
www.auditor.nc.gov

AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
The General Assembly of North Carolina
Board of Trustees, Sampson Community College

We have completed a financial statement audit of Sampson Community College for the year ended June 30, 2022, and our audit results are included in this report. You will note from the independent auditor's report that we determined that the financial statements are presented fairly in all material respects.

The results of our tests disclosed no deficiencies in internal control over financial reporting that we consider to be material weaknesses in relation to our audit scope or any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Beth A. Wood

Beth A. Wood, CPA
State Auditor

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Independent Auditor's Report

STATE OF NORTH CAROLINA
Office of the State Auditor

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20601 Mail Service Center
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sampson Community College
Clinton, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Sampson Community College (College), a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of Sampson Community College, and its discretely presented component unit, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Sampson Community College Foundation, Inc., the College's discretely presented component unit. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for Sampson Community College Foundation, Inc., are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The College's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College'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 the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023 on our consideration of the College'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Beth A. Wood

Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

January 6, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Purpose

The information in this section is intended to provide a general overview of Sampson Community College's (College) financial statements and is based upon the information contained in the financial statements accompanying this discussion and analysis. The College is required by the Governmental Accounting Standards Board (GASB) to present three basic financial statements. Those statements are the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College as of the end of the fiscal year. The statement is a point-in-time statement presenting a fiscal snapshot of the College. The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. The College's dependency on state and county aid as well as certain grants will result in operating deficits since the GASB requires these revenues be classified as nonoperating revenues. The Statement of Cash Flows provides information relative to the College's sources and uses of cash for operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The statement provides a reconciliation of beginning cash balances to ending cash balances and is representative of the activity reported on the Statement of Revenues, Expenses, and Changes in Net Position as adjusted for changes in the beginning and ending balance of noncash accounts on the Statement of Net Position.

The user is encouraged to review the notes to the financial statements to enhance their understanding of the College's financial performance. The Sampson Community College Foundation, Inc. (Foundation) is discretely presented as part of this year's financial statements. However, this discussion does not include the Foundation's activities. For more information, please contact the Division of Finance at 910-592-8081.

Statement of Net Position

The following table is prepared from the College's Statement of Net Position. It summarizes and compares the College's assets and deferred outflows on June 30, 2022 and June 30, 2021.

	6/30/2022	6/30/2021	Variance
Assets:			
Current Assets	$ 4,544,299.78	$ 3,596,392.50	$ 947,907.28
Noncurrent Assets:			
Capital Assets, Net	21,749,099.48	17,529,522.89	4,219,576.59
Other	101,233.00	337,098.84	(235,865.84)
Total Assets	$ 26,394,632.26	$ 21,463,014.23	$ 4,931,618.03
Deferred Outflows of Resources:			
Related to Pensions	$ 2,175,643.00	$ 2,272,752.00	$ (97,109.00)
Related to OPEB	1,970,148.00	1,582,018.00	388,130.00
Total Deferred Outflows of Resources	$ 4,145,791.00	$ 3,854,770.00	$ 291,021.00

Deferred outflows of resources are a consumption of net assets by the government that are applicable to a future reporting period and has a positive effect on net position similar to assets. Deferred outflows of resources consisted of employer contributions for pensions and other postemployment benefits (OPEB) made during the current fiscal year applicable to a future reporting period and differences between the employer's actual contributions and proportionate share of contributions attributable to the measurement period. Deferred outflows of resources increased by $291,021.00 primarily due to differences between actual and expected experience and changes in actuarial assumptions. See Notes 12 and 13 of the Notes to the Financial Statements for further details.

Institutional Assets

The assets of the College are divided between current and noncurrent assets. Current assets include cash and cash equivalents, short-term investments, receivables, inventories, and notes receivable.

Current Assets	6/30/2022	6/30/2021	Variance
Cash and Cash Equivalents	$ 2,964,082.90	$ 2,182,345.33	$ 781,737.57
Restricted Cash and Cash Equivalents	1,134,274.47	1,035,157.32	99,117.15
Short-Term Investments	115,415.92	115,408.04	7.88
Receivables, Net	37,391.02	48,916.07	(11,525.05)
Inventories	292,860.72	214,290.99	78,569.73
Notes Receivable	274.75	274.75	-
Total Current Assets	$ 4,544,299.78	$ 3,596,392.50	$ 947,907.28

Current cash and cash equivalents increased $781,737.57 mostly due to receiving $754,375.62 in Higher Education Emergency Relief Funds (HEERF) for lost revenue and indirect cost.

Noncurrent assets include restricted cash and cash equivalents, other investments, net OPEB asset, and capital assets, net.

Noncurrent Assets	6/30/2022	6/30/2021	Variance
Restricted Cash and Cash Equivalents	$ -	$ 222,863.84	$ (222,863.84)
Other Investments	95,000.00	95,000.00	-
Net OPEB Asset	6,233.00	19,235.00	(13,002.00)
Capital Assets, Net	21,749,099.48	17,529,522.89	4,219,576.59
Total Noncurrent Assets	$ 21,850,332.48	$ 17,866,621.73	$ 3,983,710.75

The College had an increase in construction in progress of $3,699,438.14 for the new Transportation Annex Building and driving pad as well as an increase of $784,741.84 for the new Trades Building, which contributed to an overall increase in capital assets, net, of $4,219,576.59.

Institutional Liabilities

The College's liabilities are divided between current liabilities payable within one year and noncurrent liabilities that extend beyond one year.

Accounts payable and accrued liabilities decreased $97,782.83 primarily due to a $130,309.88 decrease in contract retainage payables related to construction in progress for the Transportation Annex Building and driving pad and new Trades Building.

The long-term liabilities - current portion increased $61,732.30 primarily due to the College adding new copier leases during FY 2022.

Long-term liabilities decreased by $2,307,372.64, the majority of which is due to a change in actuarial assumptions for the pension and net OPEB liabilities. For more information, see Notes 12 and 13 of the Notes to the Financial Statements.

Liabilities	6/30/2022	6/30/2021	Variance
Current Liabilities:			
Accounts Payable and Accrued Liabilities	$ 365,524.53	$ 463,307.36	$ (97,782.83)
Unearned Revenue	89,894.02	96,065.71	(6,171.69)
Funds Held for Others	137,802.47	96,496.71	41,305.76
Long-Term Liabilities - Current Portion	175,525.37	113,793.07	61,732.30
Noncurrent Liabilities:			
Long-Term Liabilities	14,317,339.84	16,624,712.48	(2,307,372.64)
Total Liabilities	$ 15,086,086.23	$ 17,394,375.33	$ (2,308,289.10)

Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net assets by the government that are applicable to a future reporting period and has a negative effect on net position similar to liabilities. Deferred inflows of resources consisted of the College's proportionate difference between expected and actual experience and projected and actual investment earnings in the pension plan and OPEB plans. The College's deferred inflows of resources increased $998,626.00 as a result of recognizing its proportion of the components of the State's pension and OPEB obligations. See Notes 12 and 13 of the Notes to the Financial Statements for further details regarding components of the College's deferred inflows of resources for pension and OPEB.

Deferred Inflows of Resources	6/30/2022	6/30/2021	Variance
Related to Pensions	$ 2,671,712.00	$ 44,599.00	$ 2,627,113.00
Related to OPEB	3,362,690.00	4,991,177.00	(1,628,487.00)
Total Deferred Inflows of Resources	$ 6,034,402.00	$ 5,035,776.00	$ 998,626.00

Net Position

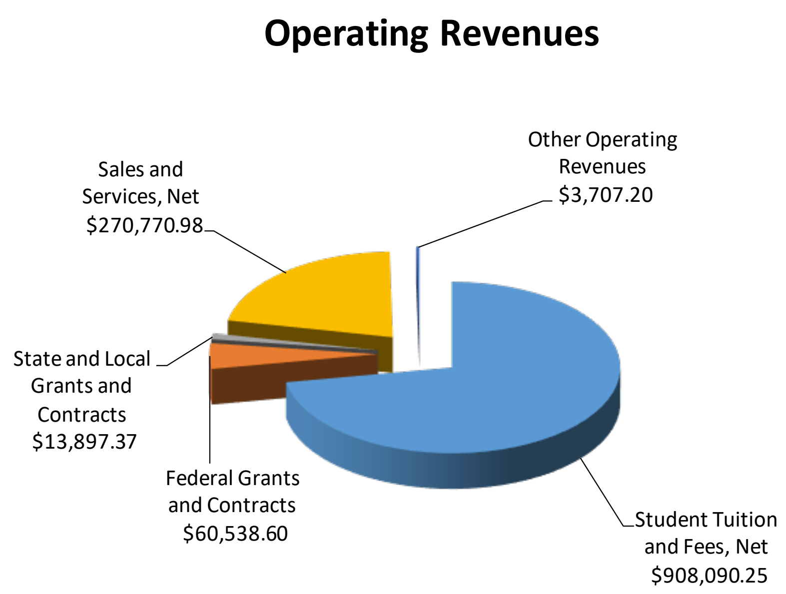
Net position is a measure of the value of all the College's assets and deferred outflows after liabilities and deferred inflows of resources are deducted. The College's total net position increased $6,532,302.13 since the prior year. The majority of this increase is in net investment in capital assets, which increased $4,222,537.47 from the current year construction activities related to the College's new Transportation Annex Building and driving pad and new Trades Building. The deficit in unrestricted net position decreased $2,487,117.57 primarily due to the College receiving $754,375.62 in HEERF for lost revenue as well as a decrease in pension expense of $1,082,666.00. These areas were previously discussed.

Net Position		6/30/2022		6/30/2021		Variance
Net Investment in Capital Assets	$	21,516,297.19	$	17,293,759.72	$	4,222,537.47
Restricted		1,031,817.49		1,209,170.40		(177,352.91)
Unrestricted		(13,128,179.65)		(15,615,297.22)		2,487,117.57
Total Net Position	$	9,419,935.03	$	2,887,632.90	$	6,532,302.13

Revenues

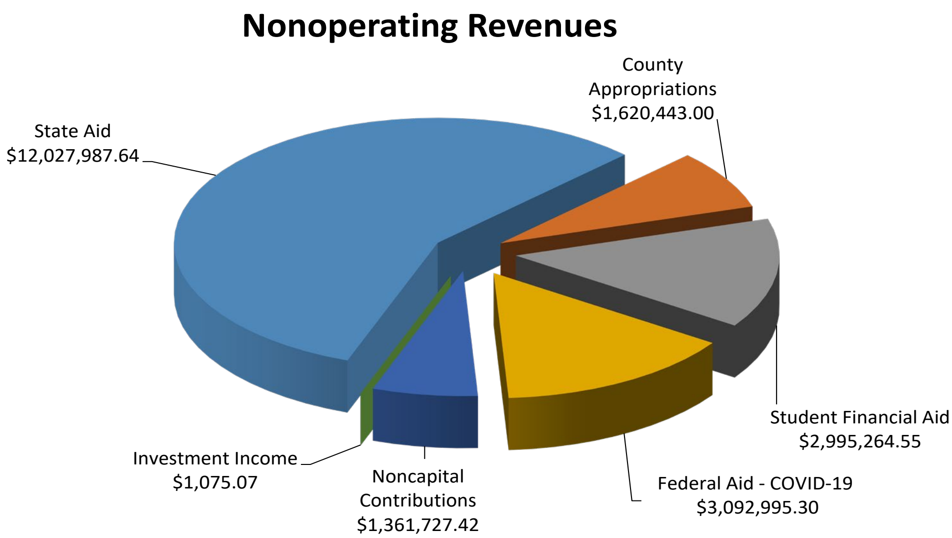
The College's revenues are classified as either operating or nonoperating revenues. Operating revenues primarily include student tuition and fees, certain federal, state and local grants and contracts, and the revenue received from sales and services, principally comprised of the revenue received from the bookstore along with other revenues from vending and the rental of the food service operation.

The College's curriculum unduplicated student head count was 4,050 in fiscal year 2021 and increased by 274 to 4,324 in fiscal year 2022 resulting in an increase of $168,446.21 in student tuition and fees.



Operating Revenues		6/30/2022		6/30/2021		Variance
Student Tuition and Fees, Net	$	908,090.25	$	739,644.04	$	168,446.21
Federal Grants and Contracts		60,538.60		84,164.12		(23,625.52)
State and Local Grants and Contracts		13,897.37		13,744.40		152.97
Sales and Services, Net		270,770.98		279,971.54		(9,200.56)
Other Operating Revenues		3,707.20		3,530.40		176.80
Total Operating Revenues	$	1,257,004.40	$	1,121,054.50	$	135,949.90

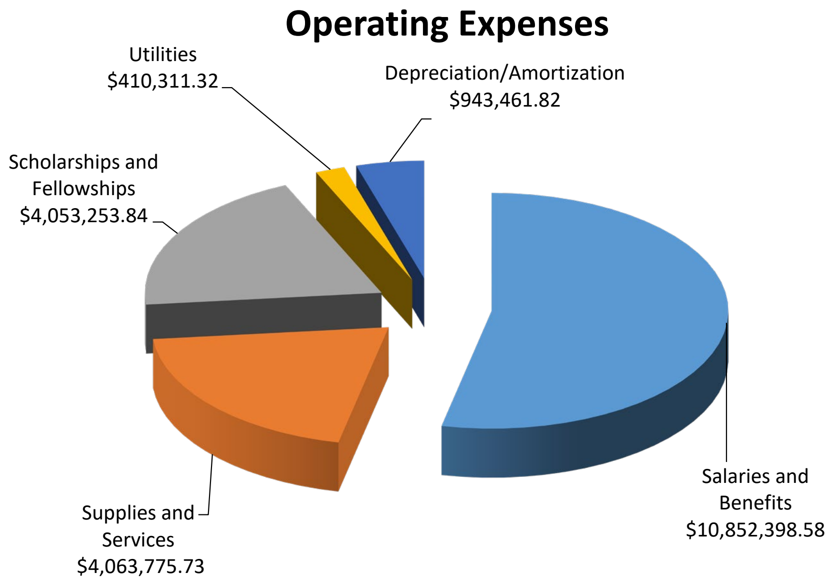
Nonoperating revenues comprise the major portion of the College's income and include formula allocations from the North Carolina State Board of Community Colleges for current expense, equipment, and capital improvements, as well as funds appropriated from the Sampson County Board of Commissioners. The College received $159,527.08 more in state aid as a result of increased budgeted full-time equivalent enrollment. The College also received $91,724.00 more in county appropriations due to increased operational costs during FY 2022. The College received an increase in federal aid as part of HEERF in the amount of $1,653,510.48 from the Department of Education to disburse to students that were impacted by the COVID-19 pandemic. Noncapital contributions decreased $734,638.76 primarily because for FY 2022, the College received approximately $470,000.00 less in federal pass-through grants from the NC System Office and $250,000.00 less to address Coronavirus concerns than it did in FY 2021.



Nonoperating Revenues	6/30/2022	6/30/2021	Variance
State Aid	$ 12,027,987.64	$ 11,868,460.56	$ 159,527.08
County Appropriations	1,620,443.00	1,528,719.00	91,724.00
Student Financial Aid	2,995,264.55	2,935,964.67	59,299.88
Federal Aid - COVID-19	3,092,995.30	1,439,484.82	1,653,510.48
Noncapital Contributions	1,361,727.42	2,096,366.18	(734,638.76)
Investment Income	1,075.07	1,965.52	(890.45)
Total Nonoperating Revenues	$ 21,099,492.98	$ 19,870,960.75	$ 1,228,532.23

Operating Expenses

The operating expenses of the College are comprised principally of the direct cost of personnel and their fringe benefits identified as salaries and benefits. The College was able to award an additional $1,724,590.95 of scholarships and fellowships to students during FY 2022 due to funds received from the Department of Education related to the COVID-19 pandemic. Supplies and services expense decreased $1,309,441.70 primarily because of substantial decreases in amounts spent on personal protective equipment compared to the prior year. Additionally, there were significant expenditures on rural college broadband internet connectivity issues during FY 2021 which did not occur during FY 2022. There was also a decrease in salaries and benefits of $751,029.16 primarily due to a decrease in pension expense as a result of actuarial computations for FY 2022.



Operating Expenses	6/30/2022	6/30/2021	Variance
Salaries and Benefits	$ 10,852,398.58	$ 11,603,427.74	$ (751,029.16)
Supplies and Services	4,063,775.73	5,373,217.43	(1,309,441.70)
Scholarships and Fellowships	4,053,253.84	2,328,662.89	1,724,590.95
Utilities	410,311.32	386,136.61	24,174.71
Depreciation/Amortization	943,461.82	767,986.97	175,474.85
Total Operating Expenses	$ 20,323,201.29	$ 20,459,431.64	$ (136,230.35)

Nonoperating Expenses

Nonoperating expenses are comprised of $5,688.00 from the interest expense on copier leases.

Other Revenues

Other revenues are received from appropriations from the North Carolina State Board of Community Colleges under a formula allocation for educational equipment and library books. Sampson County provides capital aid for maintenance equipment and small construction items. Capital contributions are gifts or grants that are restricted for capital purposes only, such as to purchase, construct, or renovate capital assets owned by the College.

Other Revenues	6/30/2022	6/30/2021	Variance
State Capital Aid	$ 526,905.74	$ 609,470.36	$ (82,564.62)
County Capital Aid	135.22	438,696.73	(438,561.51)
Capital Contributions	3,977,653.08	255,583.00	3,722,070.08
Total Other Revenues	$ 4,504,694.04	$ 1,303,750.09	$ 3,200,943.95

The College received $3,722,070.08 more in capital contributions from the U.S. Economic Development Administration grants and the North Carolina General Assembly's State Capital Improvement Fund for the current construction projects, Transportation Annex Building and driving pad and the new Trades Building. In addition, the College completed the county funded Campus Plaza construction project during FY 2021 which resulted in a $438,561.51 decrease in county capital aid.

For FY 2022, the College's total revenues were $26,380,556.47 and total expenses were $19,848,254.34.

For FY 2021, the College's total revenues were $22,295,765.34 and total expenses were $20,459,431.64.

Significant Effects on Financial Position

The following conditions are expected to have a significant effect on the financial position of the College.

1. In FY 2022, federal HEERF funds allocated to lost revenue increased the College's cash reserves by $754,375.62 providing adequate institutional working capital and cash reserves.

2. The College's state formula allocation for FY 2024 is expected to increase based upon enrollment. The College's 2023 curriculum enrollment remained stable for the fall semester and is expected to decline for the spring semester. The decline reflects enrollment losses attributable to the discontinuation of HEERF funding for student tuition and fees and a return to the enforcement of standards of academic progress (SAP) for students receiving Title IV financial aid. Enrollment in occupational extension courses grew during the summer term and is expected to continue growth through the fall and spring semesters. Basic skills enrollment shows a similar pattern of recovery from pandemic losses.

3. As part of the General Assembly's efforts to stabilize funding from pandemic-attributed system-wide enrollment decline, the College was allocated $716,768.00 in stabilization funds for FY 2022. These funds will be available for budgeting in FY 2023 and FY 2024 (December 31, 2024, expenditure deadline) and provide for further budget stabilization through two subsequent fiscal years.

4. State appropriations for categorical programs and equipment are expected to remain at current or higher levels. No significant disruption in federal allocations or federal student financial aid are anticipated.

5. Increases in county appropriations for FY 2023 of $48,613.00 failed to meet the increased cost of personnel and plant operations for the fiscal year. No capital outlay funding was provided.

6. The College is expected to continue capital investment in the campus. During FY 2022, the Board acquired a 42-acre parcel in the Southeastern Business District (Industrial Park) for expansion of truck driving and additional occupational programs.

7. The North Carolina General Assembly has appropriated four years of capital funding under the State Capital Improvement Fund to SCC for capital improvements as follows:

State Capital Improvement Fund FY 2022	$1,300,994
State Capital Improvement Fund FY 2023	$1,300,994
State Capital Improvement Fund FY 2024	$1,300,994
State Capital Improvement Fund FY 2025	$1,300,994

In addition, special allocations have been made for two identified capital projects:

Transportation Service Building	$1,500,000
North-Kitchen Building ADA Connector	$3,000,000

Economic Forecast

Economists are uncertain of the national economic trends over the next 12 months. Similar differences are found in predictions of the State's economic forecast. While economists are uncertain of the national economic trends over the next 12 months, the Fiscal Research Division of the NC General Assembly and the Governor's Office of State Budget and Management forecast continuing strong economic activity in North Carolina generating an additional $4.2 billion in state revenue through the end of the current budget year revising the projected $28.4 billion to $32.6 billion and increasing the FY 2023-2024 forecast by an additional $1.9 billion.

No state revenue decline or student shortfalls requiring state-level budget callbacks or reductions in formula allocations are anticipated in FY 2023.

Sampson County's economic forecast is heavily dependent upon agricultural commodity prices which are expected to increase. The anticipated tax revenues for Sampson County indicates ongoing concerns with declining revenues and growing expenses. In the county manager's FY 2023 budget proposal to the Board of Commissioners, the manager projected the county to have a declining population with lower tax base and lower anticipated revenues. The manager's proposed ad valorem tax increase of 5-cents for FY 2023 budget was rejected resulting in marginal increases in the College's current expense allocation and the elimination of all capital outlay funding.

The College, therefore, anticipates increases in plant operating costs associated with salary increases for plant operation's staff, increases in benefit costs, and utility rate increases as well as other inflationary pressures. In FY 2022, HEERF funds of $97,111.36 provided support for two staff positions. The loss of HEERF funding and recurring shortfalls in county appropriations will require management to reduce plant operating costs and appropriate funds from the county fund balance.

FINANCIAL STATEMENTS

Sampson Community College
Statement of Net Position
June 30, 2022

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	2,964,082.90
Restricted Cash and Cash Equivalents		1,134,274.47
Short-Term Investments		115,415.92
Receivables, Net (Note 4)		37,391.02
Inventories		292,860.72
Notes Receivable		274.75
Total Current Assets		4,544,299.78
Noncurrent Assets:		
Other Investments		95,000.00
Net Other Postemployment Benefits Asset		6,233.00
Capital Assets - Nondepreciable (Note 5)		5,541,302.56
Capital Assets - Depreciable, Net (Note 5)		16,207,796.92
Total Noncurrent Assets		21,850,332.48
Total Assets		26,394,632.26
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		2,175,643.00
Deferred Outflows Related to Other Postemployment Benefits (Note 13)		1,970,148.00
Total Deferred Outflows of Resources		4,145,791.00
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)		365,524.53
Unearned Revenue		89,894.02
Funds Held for Others		137,802.47
Long-Term Liabilities - Current Portion (Note 7)		175,525.37
Total Current Liabilities		768,746.39
Noncurrent Liabilities:		
Long-Term Liabilities (Note 7)		14,317,339.84
Total Liabilities		15,086,086.23
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions		2,671,712.00
Deferred Inflows Related to Other Postemployment Benefits (Note 13)		3,362,690.00
Total Deferred Inflows of Resources		6,034,402.00

NET POSITION	
Net Investment in Capital Assets	21,516,297.19
Restricted:	
Expendable:	
Student Financial Aid	52,036.43
Restricted for Departmental Uses	130,373.98
Loans	14,251.26
Instructional Technology Programs	592,703.20
Restricted for Specific Programs	63,248.89
Capital Projects	166,475.58
Other	12,728.15
Total Restricted-Expendable Net Position	1,031,817.49
Unrestricted	(13,128,179.65)
Total Net Position	$ 9,419,935.03

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

Sampson Community College
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022 ***Exhibit A-2***

OPERATING REVENUES		
Student Tuition and Fees, Net (Note 10)	$	908,090.25
Federal Grants and Contracts		60,538.60
State and Local Grants and Contracts		13,897.37
Sales and Services, Net (Note 10)		270,770.98
Other Operating Revenues		3,707.20
Total Operating Revenues		1,257,004.40
OPERATING EXPENSES		
Salaries and Benefits		10,852,398.58
Supplies and Services		4,063,775.73
Scholarships and Fellowships		4,053,253.84
Utilities		410,311.32
Depreciation/Amortization		943,461.82
Total Operating Expenses		20,323,201.29
Operating Loss		(19,066,196.89)
NONOPERATING REVENUES (EXPENSES)		
State Aid		12,027,987.64
County Appropriations		1,620,443.00
Student Financial Aid		2,995,264.55
Federal Aid - COVID-19		3,092,995.30
Noncapital Contributions		1,361,727.42
Investment Income		1,075.07
Interest Expense		(5,688.00)
Net Nonoperating Revenues		21,093,804.98
Income Before Other Revenues		2,027,608.09
State Capital Aid		526,905.74
County Capital Aid		135.22
Capital Contributions		3,977,653.08
Total Other Revenues		4,504,694.04
Increase in Net Position		6,532,302.13
NET POSITION		
Net Position - July 1, 2021		2,887,632.90
Net Position - June 30, 2022	$	9,419,935.03

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

Sampson Community College
Statement of Cash Flows — *Exhibit A-3*
For the Fiscal Year Ended June 30, 2022 — *Page 1 of 2*

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 1,261,879.76
Payments to Employees and Fringe Benefits	(12,423,215.68)
Payments to Vendors and Suppliers	(4,529,969.97)
Payments for Scholarships and Fellowships	(4,053,253.84)
Other Receipts	41,305.76
Net Cash Used by Operating Activities	(19,703,253.97)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid	12,027,987.64
County Appropriations	1,620,443.00
Student Financial Aid	2,995,264.55
Federal Aid - COVID-19	3,092,995.30
Noncapital Contributions	1,290,480.42
Cash Provided by Noncapital Financing Activities	21,027,170.91
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
State Capital Aid	526,905.74
County Capital Aid	135.22
Capital Contributions	3,977,653.08
Acquisition and Construction of Capital Assets	(5,165,999.29)
Interest and Fees Paid on Leases	(5,688.00)
Net Cash Used by Capital Financing and Related Financing Activities	(666,993.25)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,067.19
Net Increase in Cash and Cash Equivalents	657,990.88
Cash and Cash Equivalents - July 1, 2021	3,440,366.49
Cash and Cash Equivalents - June 30, 2022	$ 4,098,357.37

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$ (19,066,196.89)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	943,461.82
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	11,525.05
Inventories	(78,569.73)
Net Other Postemployment Benefits Asset	13,002.00
Deferred Outflows Related to Pensions	97,109.00
Deferred Outflows Related to Other Postemployment Benefits	(388,130.00)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	32,527.05
Unearned Revenue	(6,171.69)
Funds Held for Others	41,305.76
Net Pension Liability	(3,417,500.00)
Net Other Postemployment Benefits Liability	1,145,522.00
Compensated Absences	(29,764.34)
Deferred Inflows Related to Pensions	2,627,113.00
Deferred Inflows Related to Other Postemployment Benefits	(1,628,487.00)
Net Cash Used by Operating Activities	$ (19,703,253.97)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$ 127,349.00
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(71,247.00)

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

Sampson Community College Foundation, Inc.
Statement of Financial Position
June 30, 2022 — *Exhibit B-1*

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 170,368	$ 814,923	$ 985,291
Investments, Board Designated	506,391	-	506,391
Investments, Other	-	1,556,409	1,556,409
Total Current Assets	676,759	2,371,332	3,048,091
Other Assets:			
Investments Restricted in Perpetuity	-	972,485	972,485
Total Other Assets	-	972,485	972,485
Total Assets	$ 676,759	$ 3,343,817	$ 4,020,576
LIABILITIES			
Total Liabilities	$ -	$ -	$ -
NET ASSETS			
Without Donor Restrictions:			
Undesignated	74,498	-	74,498
Board-Designated Reserve	602,261	-	602,261
Total Net Assets Without Donor Restrictions	676,759	-	676,759
With Donor Restrictions			
Purpose Restricted	-	2,367,748	2,367,748
Perpetual In Nature	-	976,069	976,069
Total Net Assets With Donor Restrictions	-	3,343,817	3,343,817
Total Net Assets	676,759	3,343,817	4,020,576
Total Liabilities and Net Assets	$ 676,759	$ 3,343,817	$ 4,020,576

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

Sampson Community College Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2022 *Exhibit B-2*

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 130,244	$ 171,739	$ 301,983
Grant Income	-	645,000	645,000
Special Events (Less Expenses of $7,163)	26,009	-	26,009
In-Kind Contributions	81,862	-	81,862
Investment Loss	(55,095)	(318,529)	(373,624)
Total Support and Revenue	183,020	498,210	681,230
Net Assets Released from Restrictions	240,144	(240,144)	-
Total Support and Revenue and Net Assets Released from Restrictions	423,164	258,066	681,230
EXPENSES			
Expenses:			
Program Services	880,614	-	880,614
Management and General	90,700	-	90,700
Fundraising	9,651	-	9,651
Total Expenses	980,965	-	980,965
Change in Net Assets	(557,801)	258,066	(299,735)
Net Assets at Beginning of Year	1,234,560	3,085,751	4,320,311
Net Assets at End of Year	$ 676,759	$ 3,343,817	$ 4,020,576

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Sampson Community College (College) is a component unit of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*.

The accompanying financial statements present all funds of the College and its component unit for which the College's Board of Trustees is financially accountable. The College's component unit is discretely presented in the College's financial statements. See below for further discussion of the College's component unit. Other related foundations and similar nonprofit corporations for which the College is not financially accountable are not part of the accompanying financial statements.

Discretely Presented Component Unit - Sampson Community College Foundation, Inc. (Foundation) is a legally separate, nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the College.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of the Chairman of the Board of Trustees of Sampson Community College or his/her designee, the President of the College, the College's Foundation Director, pursuant to Section two of Article II of the by-laws of the Foundation. These members serve as ex-officio, non-voting members of the Foundation board. In addition, there are 31 voting members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

The Foundation reports its financial results under the Financial Accounting Standards Board (FASB) Codification. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2022, the Foundation distributed $853,930.63 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Advancement Office, Sampson Community College, P.O. Box 318, Clinton, NC 28329.

B. Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* and GASB Statement No. 84, *Fiduciary Activities,* the full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

C. **Basis of Accounting** - The financial statements of the College have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

   Nonexchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, include state aid, certain grants, and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. **Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, and cash on deposit with private bank accounts.

E. **Investments** - This classification includes certificates of deposit reported at cost.

F. **Receivables** - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Receivables are recorded net of estimated uncollectible amounts.

G. **Inventories** - Inventories, consisting of expendable supplies and merchandise for resale, are valued at the lower 1Eof cost or market using the first-in, first-out method.

H. **Capital Assets** - Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. The value of assets constructed includes all material direct and indirect construction costs. Right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term, plus any upfront payments and ancillary charges paid to place the leased asset into service.

   The College capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year. Lease payables are capitalized as a right-to-use asset when the leased asset has a cost of $10,000 or greater and an estimated useful life of more than one year.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets in the following manner:

Asset Class	Estimated Useful Life
Buildings	10-75 years
Machinery and Equipment	2-50 years
General Infrastructure	10-75 years

Amortization for right-to-use leased assets is computed using the straight-line method over the shorter of the lease term or the asset's estimated useful life, unless the lease contains a purchase option the College is reasonably certain will be exercised. In those instances, the right-to-use leased asset is amortized over the asset's estimated useful life.

I. **Restricted Assets** - Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets and resources whose use is limited by external parties or statute.

J. **Accounting and Reporting of Fiduciary Activities** - Pursuant to the provisions of GASB Statement No. 84, *Fiduciary Activities*, custodial funds that are normally expected to be received and disbursed within a 3-month period or otherwise do not meet the fiduciary activity criteria defined by GASB Statement No. 84 continue to be reported in the Statement of Net Position as funds held for others and as operating activities in the Statement of Cash Flows.

There are no other trust or custodial funds meeting the criteria of a fiduciary activity that are required to be reported in separate fiduciary fund financial statements.

K. **Noncurrent Long-Term Liabilities** - Noncurrent long-term liabilities include leases payable, compensated absences, net pension liability, and net other postemployment benefits (OPEB) liability that will not be paid within the next fiscal year.

The net pension liability represents the College's proportionate share of the collective net pension liability reported in the State of North Carolina's 2021 *Annual Comprehensive Financial Report.* This liability represents the College's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 12 for further information regarding the College's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

The net OPEB liability represents the College's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2021 *Annual Comprehensive Financial Report*. This liability represents the College's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. See Note 13 for further information regarding the College's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

L. **Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the College has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

M. Deferred Outflows/Inflows of Resources - Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

N. Net Position - The College's net position is classified as follows:

Net Investment in Capital Assets - This represents the College's total investment in capital assets, net of outstanding liabilities related to those capital assets.

Restricted Net Position - **Expendable** - Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Position - Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income. It also includes the net position of accrued employee benefits such as compensated absences, pension plans, and other postemployment benefits.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the College. Both restricted and unrestricted net position include consideration of deferred outflows of resources and deferred inflows of resources. See Note 9 for further information regarding deferred outflows of resources and deferred inflows of resources that had a significant effect on unrestricted net position.

O. Scholarship Discounts - Student tuition and fees revenues and certain other revenues from College charges are reported net of scholarship discounts in the accompanying

Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship discount.

P. Revenue and Expense Recognition - The College classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) certain federal, state, and local grants and contracts. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

Q. County Appropriations - County appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, motor vehicle purchases, and maintenance of equipment. Unexpended county current appropriations and county capital appropriations do not revert and are available for future use by the College.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits - The College is required by North Carolina General Statute 147-77 to deposit any funds collected or received that belong to the State of North Carolina with the State Treasurer or with a depository institution in the name of the State Treasurer. All funds of the College, other than those required to be deposited with the State Treasurer, are deposited in board-designated official depositories and are required to be collateralized in accordance with North Carolina General Statute 115D-58.7. Official depositories may be established with any bank, savings and loan association, or trust company whose principal office is located in North Carolina. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. Cash on hand at June 30, 2022 was $1,280.00. The carrying amount of the College's deposits not with the State Treasurer, including certificates of deposit of $210,415.92 reported as investments on the Statement of Net Position, was $4,307,493.29, and the bank balance was $4,580,213.72.

The North Carolina Administrative Code (20 NCAC 7) requires all depositories to collateralize public deposits in excess of federal depository insurance coverage by using one of two methods, dedicated or pooled. Under the dedicated method, a separate escrow account is established by each depository in the name of each local governmental unit and the responsibility of monitoring collateralization rests with the local unit. Under the pooling method, each depository establishes an escrow account in the name of the State Treasurer to secure all of its public deposits. This method shifts the monitoring responsibility from the local unit to the State Treasurer.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2022, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

B. Investments

College - The College is authorized to invest idle funds as provided by G.S. 115D-58.6. In accordance with this statute, the College and the Board of Trustees manage investments to ensure they can be converted into cash when needed.

Generally, funds belonging to the College may be invested in any form of investment established or managed by certain investment advisors pursuant to G.S. 115D-58.6(d1) or in the form of investments pursuant to G.S. 159-30(c), as follows: a commingled investment pool established and administered by the State Treasurer pursuant to G.S. 147-69.3 (STIF); obligations of or fully guaranteed 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 nonguaranteed federal agencies; prime quality commercial paper bearing specified ratings; specified bills of exchange; certain savings certificates; The North Carolina Capital Management Trust, an SEC registered mutual fund; repurchase agreements; and evidences of ownership of, or fractional undivided interests in, future interest and principal payments on either direct obligations of or fully guaranteed by the United States government, which are held by a specified bank or trust company or any state in the capacity of custodian.

At June 30, 2022, the College held certificates of deposit in the amount of $210,415.92. Certificates of deposit reported as investments are also a component of the deposit totals reported in the deposits section of this note.

Component Unit - Investments of the College's discretely presented component unit, Sampson Community College Foundation, Inc. (Foundation), are subject to and restricted by G.S. 36E Uniform Prudent Management of Institutional Funds Act (UPMIFA) and any requirements placed on them by contract or donor agreements. Because the Foundation reports under the FASB reporting model, disclosures of the various investment risks are not required. The following is an analysis of investments by type:

Investment Category	Fair Value
Exchange-Traded Funds	$ 1,952,975.00
Mutual Funds	1,082,310.00
Total	$ 3,035,285.00

NOTE 3 - FAIR VALUE MEASUREMENTS

Component Unit - FASB ASC 820-10 and subsections *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 - Observable inputs that reflect quoted prices for identical securities, traded in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the level within the fair value hierarchy, for the Foundation's investments at fair value as of June 30, 2022:

		Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Exchange-Traded Funds	$ 1,952,975.00	$ 1,952,975.00	$ -	$ -
Mutual Funds	1,082,310.00	1,082,310.00	-	-
Total Investments	$ 3,035,285.00	$ 3,035,285.00	$ -	$ -

NOTE 4 - RECEIVABLES

Receivables at June 30, 2022, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Receivables:			
Students	$ 479.96	$ 479.96	$ -
Student Sponsors	25,258.36	-	25,258.36
Accounts	9,485.97	-	9,485.97
Other	2,646.69	-	2,646.69
Total Receivables	$ 37,870.98	$ 479.96	$ 37,391.02

NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2022, is presented as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets, Nondepreciable:				
Land	$ 147,037.25	$ 100,128.21	$ -	$ 247,165.46
Construction in Progress	809,957.12	4,604,891.78	120,711.80	5,294,137.10
Total Capital Assets, Nondepreciable	956,994.37	4,705,019.99	120,711.80	5,541,302.56
Capital Assets, Depreciable:				
Buildings	20,629,425.30	120,711.80	15,000.00	20,735,137.10
Machinery and Equipment	6,559,506.75	292,685.42	233,391.58	6,618,800.59
General Infrastructure	1,430,286.48	-	-	1,430,286.48
Right-to-Use Leased Machinery and Equipment	-	165,333.00	-	165,333.00
Total Capital Assets, Depreciable	28,619,218.53	578,730.22	248,391.58	28,949,557.17
Less Accumulated Depreciation/Amortization for:				
Buildings	8,666,087.25	425,224.14	15,000.00	9,076,311.39
Machinery and Equipment	2,897,897.19	449,806.84	233,391.58	3,114,312.45
General Infrastructure	482,705.57	28,104.84	-	510,810.41
Right-to-Use Leased Machinery and Equipment	-	40,326.00	-	40,326.00
Total Accumulated Depreciation/Amortization	12,046,690.01	943,461.82	248,391.58	12,741,760.25
Total Capital Assets, Depreciable, Net	16,572,528.52	(364,731.60)	-	16,207,796.92
Capital Assets, Net	$17,529,522.89	$ 4,340,288.39	$ 120,711.80	$ 21,749,099.48

At year-end, the total amount of leased assets was $165,333.00 and the related accumulated amortization was $40,326.00.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2022, were as follows:

	Amount
Accounts Payable and Accrued Liabilities:	
Accounts Payable	$ 54,105.94
Accrued Payroll	205,965.30
Contract Retainage	105,453.29
Total Accounts Payable and Accrued Liabilities	$ 365,524.53

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities for the year ended June 30, 2022, is presented as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Leases Payable	$ -	$ 127,349.00	$ -	$ 127,349.00	$ 54,293.00
Compensated Absences	575,293.55	409,127.17	438,891.51	545,529.21	121,232.37
Net Pension Liability	5,458,646.00	-	3,417,500.00	2,041,146.00	-
Net Other Postemployment Benefits Liability	10,704,566.00	1,074,275.00	-	11,778,841.00	-
Total Long-Term Liabilities	$ 16,738,505.55	$ 1,610,751.17	$ 3,856,391.51	$ 14,492,865.21	$ 175,525.37

Additional information regarding leases payable is included in Note 8.
Additional information regarding the net pension liability is included in Note 12.
Additional information regarding the net other postemployment benefits liability is included in Note 13.

NOTE 8 - LEASES

The College's leasing arrangements at June 30, 2022 are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liability June 30, 2022	Current Portion	Lease Terms (1)	Interest Rate
Lessee:					
Right-to-Use Machinery and Equipment	2	$ 127,349.00	$ 54,293.00	27.5 months	5.25%

(1) The lease terms were calculated using weighted averages based on lease payable amounts.

Lease Liability - During the year the College did not recognize any variable payment amounts.

The College had commitments under leases before the lease term as follows: a three-year lease agreement for the right to use black and white copiers beginning September 2021 with total payments over the period of $106,285.00 and a three-year lease agreement for the right to use color copiers beginning December 2021 with total payments over the period of $72,770.00.

Future principal and interest lease payments as of June 30, 2022 were as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 54,293.00	$ 5,392.00	$ 59,685.00
2024	57,215.00	2,472.00	59,687.00
2025	15,841.00	170.00	16,011.00
Total	$ 127,349.00	$ 8,034.00	$ 135,383.00

NOTE 9 - NET POSITION

Unrestricted net position has been significantly affected by transactions resulting from the recognition of deferred outflows of resources, deferred inflows of resources, and related long-term liabilities, as shown in the following table:

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	$ (2,537,215.00)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(13,195,083.00)
Effect on Unrestricted Net Position	(15,732,298.00)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	2,604,118.35
Total Unrestricted Net Position	$ (13,128,179.65)

See Notes 12 and 13 for detailed information regarding the amortization of the deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

NOTE 10 - REVENUES

A summary of discounts and allowances by revenue classification is presented as follows:

	Gross Revenues	Less Scholarship Discounts and Allowances	Net Revenues
Operating Revenues:			
Student Tuition and Fees, Net	$2,235,251.43	$1,327,161.18	$ 908,090.25
Sales and Services:			
Sales and Services of Auxiliary Enterprises:			
Bookstore	$ 624,722.20	$ 416,023.43	$ 208,698.77
Other	62,072.21	-	62,072.21
Total Sales and Services, Net	$ 686,794.41	$ 416,023.43	$ 270,770.98

NOTE 11 - OPERATING EXPENSES BY FUNCTION

The College's operating expenses by functional classification are presented as follows:

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	$ 6,566,257.61	$ 1,350,837.97	$ 6,250.75	$ -	$ -	$ 7,923,346.33
Academic Support	1,084,320.46	205,158.54	-	-	-	1,289,479.00
Student Services	863,749.87	191,858.70	222,746.18	-	-	1,278,354.75
Institutional Support	1,870,663.48	1,138,615.20	-	-	-	3,009,278.68
Operations and Maintenance of Plant	320,202.32	478,412.81	-	410,311.32	-	1,208,926.45
Student Financial Aid	118,964.46	186,782.12	3,803,647.06	-	-	4,109,393.64
Auxiliary Enterprises	28,240.38	512,110.39	20,609.85	-	-	560,960.62
Depreciation/Amortization	-	-	-	-	943,461.82	943,461.82
Total Operating Expenses	$ 10,852,398.58	$ 4,063,775.73	$ 4,053,253.84	$ 410,311.32	$ 943,461.82	$ 20,323,201.29

Included in the scholarship and fellowship function are student financial aid operating expenses for emergency financial aid payments to eligible students. These payments are for expenses related to the disruption of campus operations due to the coronavirus of $2,536,023.29 provided by the Higher Education Emergency Relief Fund (HEERF). Because of the administrative involvement by the College in providing the student awards, the related program activity is reported as nonoperating Federal Aid - COVID-19 revenue and student financial aid operating expenses. Since the purpose of the student aid is not for educational or scholarship purposes, they do not affect the scholarship discounting adjustments reported in Note 10.

NOTE 12 - PENSION PLANS

Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools that elect to join the Retirement System. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

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 membership 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 membership service. Survivor benefits are available to eligible beneficiaries of general 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 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.

Contributions: Contribution provisions are established by General Statute135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The College's contractually-required contribution rate for the year ended June 30, 2022 was 16.38% of covered payroll. Plan members' contributions to the pension plan were $445,547.24, and the College's contributions were $1,216,343.96 for the year ended June 30, 2022.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2021 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. 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 TSERS plan, and additions to/deductions from the TSERS plan's fiduciary net position have been determined on the same basis as they are reported by TSERS.

Methods Used to Value TSERS Investment: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, the Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2021 *Annual Comprehensive Financial Report*.

Net Pension Liability: At June 30, 2022, the College reported a liability of $2,041,146.00 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. The College's proportion of the net pension liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the College's proportion was 0.04359%, which was a decrease of 0.00159 from its proportion measured as of June 30, 2020, which was 0.04518%.

Actuarial Assumptions: The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation Date	12/31/2020
Inflation	2.5%
Salary Increases*	3.25% - 8.05%
Investment Rate of Return**	6.5%

* Salary increases include 3.25% inflation and productivity factor.

** Investment rate of return includes inflation assumption and is net of pension plan investment expense.

TSERS 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. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuations were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.3%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2020 valuation. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2021 calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

Net Pension Liability

1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 6,846,772.00	$ 2,041,146.00	$ (1,953,534.00)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2022, the College recognized pension expense of $526,262.00. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 114,735.00	$ 46,357.00
Changes of Assumptions	765,656.00	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,529,005.00
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	78,908.04	96,350.00
Contributions Subsequent to the Measurement Date	1,216,343.96	-
Total	$ 2,175,643.00	$ 2,671,712.00

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:

Year Ending June 30:	Amount
2023	$ (255,257.00)
2024	(293,879.00)
2025	(390,416.00)
2026	(772,860.96)
Total	$ (1,712,412.96)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

The College participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2021 *Annual Comprehensive Financial Report.* An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

A. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The financial statements of these plans were prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of each plan, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

Methods Used to Value Plan Investments: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan of North Carolina is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2021 *Annual Comprehensive Financial Report.*

B. Plan Descriptions

1. Health Benefits

Plan Administration: The State of North Carolina administers the North Carolina State Health Plan for Teachers and State Employees, referred to as the State Health Plan (the Plan), a healthcare plan exclusively for the benefit of employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs), charter schools, and some select local governments that are not part of the State's financial reporting entity also participate. Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Plan Board of Trustees.

The Retiree Health Benefit Fund (RHBF) has been established by Chapter 135-7, Article 1 of the General Statutes as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of eligible former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

By statute, RHBF is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System (TSERS). 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 Plan. The State Treasurer, with the approval of the 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 Plan.

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 as described in Note 14. The plan options change when former employees become eligible for Medicare. The benefits provided include medical and pharmacy coverage for employees and their dependents. Non-Medicare eligible members have two self-funded options administered by the State Health Plan while Medicare members have three options, including one self-funded option and two fully-insured Medicare Advantage/Prescription Drug Plan options. Self-funded medical and pharmacy claims costs are shared between the covered member and the State Health Plan. If the self-funded plan is elected by a Medicare eligible member, the coverage is secondary to Medicare. Fully-insured claims include cost sharing from covered members with the remaining balance paid by the fully-insured carrier.

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 and retirees of TSERS, the Consolidated Judicial Retirement System, the Legislative Retirement System, 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 North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina 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 North Carolina 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 total noncontributory premium. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with five but less than 10 years of retirement service credit are eligible for coverage on a fully contributory basis.

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

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

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. The College's contractually-required contribution rate for the year ended June 30, 2022 was 6.29% of covered payroll. The College's contributions to the RHBF were $467,082.02 for the year ended June 30, 2022.

In fiscal year 2021, the State Health Plan (the Plan) transferred $187.0 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2022, the College recognized noncapital contributions for RHBF of $71,247.00.

2. Disability Income

Plan Administration: As discussed in Note 14, 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 participating component units and LEAs which are not part of the reporting entity, and the University Employees' ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

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 provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the University Employees' 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; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing five years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

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

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the North Carolina General Assembly and coincide with the State's fiscal year. The College's contractually-required contribution rate for the year ended June 30, 2022 was 0.09% of covered payroll. The College's contributions to DIPNC were $6,683.21 for the year ended June 30, 2022.

C. Net OPEB Liability (Asset)

Net OPEB Liability: At June 30, 2022, the College reported a liability of $11,778,841.00 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2021. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the College's proportion was 0.03810%, which was a decrease of 0.00049 from its proportion measured as of June 30, 2020, which was 0.03859%.

Net OPEB Asset: At June 30, 2022, the College reported an asset of $6,233.00 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2021. The College's proportion of the net OPEB asset was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the College's proportion was 0.03816%, which was a decrease of 0.00094 from its proportion measured as of June 30, 2020, which was 0.03910%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2020	12/31/2020
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3%
Healthcare Cost Trend Rate - Medical	6% grading down to 5% by 2026	6% grading down to 5% by 2026
Healthcare Cost Trend Rate - Prescription Drug	9.5% grading down to 5% by 2030	9.5% grading down to 5% by 2030
Healthcare Cost Trend Rate - Medicare Advantage	5%	N/A
Healthcare Cost Trend Rate - Administrative	3%	3%

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return is net of OPEB plan investment expense, including inflation.
N/A - Not Applicable

The OPEB plans currently use mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer) and health status (i.e. disabled or not disabled). The current mortality rates are based on published tables and studies that cover significant portions of the U.S. public plan population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The projected long-term investment returns and inflation assumptions are developed through a 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. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2021 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.3%.

Actuarial valuations of the plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The results of the valuations fluctuate from year to year as actual experience differs from assumptions. This includes demographic experiences (i.e., mortality and retirement) that differ from expected. This also includes financial experiences (i.e., member medical costs and contributions) that vary from expected trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used for RHBF are consistent with those used to value the pension benefits of TSERS where appropriate. These assumptions are based on the most recent pension valuations available. The discount rate used for RHBF reflects a pay-as-you-go approach.

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. Historically, the benefits have been funded solely by employer contributions applied equally to all retirees.

Currently, as described earlier in the note, benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used in the December 31, 2020 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as the long-term investment return, medical claims, and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate: The discount rate used to measure the total OPEB liability for RHBF was 2.16% at June 30, 2021 compared to 2.21% at June 30, 2020. The projection of cash flows 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 to current plan members. As a result, a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2021.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents the College's proportionate share of the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

Net OPEB Liability (Asset)

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
RHBF	$ 14,010,760.00	$ 11,778,841.00	$ 9,971,237.00
	1% Decrease (2%)	Current Discount Rate (3%)	1% Increase (4%)
DIPNC	$ (3,935.00)	$ (6,233.00)	$ (8,359.00)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

Net OPEB Liability (Asset)

	1% Decrease (Medical - 4% - 5%, Pharmacy - 4% - 8.5%, Med. Advantage - 4%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6%, Pharmacy - 5% - 9.5%, Med. Advantage - 5%, Administrative - 3%)	1% Increase (Medical - 6% - 7%, Pharmacy - 6% - 10.5%, Med. Advantage - 6%, Administrative - 4%)
RHBF	$ 9,538,875.00	$ 11,778,841.00	$ 14,750,362.00

	1% Decrease (Medical - 4% - 5%, Pharmacy - 4% - 8.5%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6%, Pharmacy - 5% - 9.5%, Administrative - 3%)	1% Increase (Medical - 6% - 7%, Pharmacy - 6% - 10.5%, Administrative - 4%)
DIPNC	$ (6,560.00)	$ (6,233.00)	$ (5,825.00)

OPEB Expense: For the fiscal year ended June 30, 2022, the College recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	$ (399,171.00)
DIPNC	14,153.00
Total OPEB Expense	$ (385,018.00)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Employer Balances of Deferred Outflows of Resources Related to OPEB by Classification:

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 69,540.00	$ 15,892.00	$ 85,432.00
Changes of Assumptions	963,402.00	1,094.00	964,496.00
Net Difference Between Projected and Actual Earnings on Plan Investments	-	608.00	608.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	443,562.98	2,283.79	445,846.77
Contributions Subsequent to the Measurement Date	467,082.02	6,683.21	473,765.23
Total	$ 1,943,587.00	$ 26,561.00	$ 1,970,148.00

Employer Balances of Deferred Inflows of Resources Related to OPEB by Classification:

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 219,258.00	$ -	$ 219,258.00
Changes of Assumptions	2,862,497.00	2,263.00	2,864,760.00
Net Difference Between Projected and Actual Earnings on Plan Investments	6,025.00	-	6,025.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	272,049.00	598.00	272,647.00
Total	$ 3,359,829.00	$ 2,861.00	$ 3,362,690.00

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in OPEB Expense:

Year Ending June 30:	RHBF	DIPNC
2023	$ (1,356,741.00)	$ 4,525.00
2024	(419,126.00)	3,227.00
2025	(62,077.00)	4,057.00
2026	(152,090.00)	1,986.00
2027	106,709.98	887.79
Thereafter	-	2,334.00
Total	$ (1,883,324.02)	$ 17,016.79

NOTE 14 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

A. Employee Benefit Plans

1. State Health Plan

College employees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims. See Note 13, Other Postemployment Benefits, for additional information regarding retiree health benefits.

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

3. Disability Income Plan

Short-term and long-term disability benefits are provided to College employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the College for up to twelve months. The Board of Trustees of the DIPNC may extend the short-term disability benefits for up to an additional twelve months. During the extended period of short-term disability benefits, payments are made directly by the DIPNC to the beneficiary. As discussed in Note 13, long-term disability benefits are payable as other postemployment benefits 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.

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

Fire and other property losses are covered by contracts with private insurance companies. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

State-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are $1,000,000 per claim and $10,000,000 per occurrence. The College pays premiums to the North Carolina Department of Insurance for the coverage. Liability insurance for other College-owned vehicles is covered by contracts with private insurance companies.

2. Public Officers' and Employees' Liability Insurance

The risk of tort claims of up to $1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to $2,000,000 per claim and $10,000,000 in the aggregate per fiscal year via contract with private insurance companies. The North Carolina Community College System Office pays the premium, based on a composite rate, directly to the private insurer.

3. **Employee Dishonesty and Computer Fraud**

The College is protected for losses from employee dishonesty and computer fraud for employees paid in whole or in part from state funds. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. The North Carolina Community College System Office is charged a premium by the private insurance company. Coverage limit is $5,000,000 per occurrence. The private insurance company pays 90% of each loss less a $100,000 deductible. The College is protected for losses from employee dishonesty and computer fraud for employees paid by county and institutional funds by contracts with private insurance companies. The special extension of property coverage provides for protections of $50,000 per occurrence with a $1,000 deductible.

4. **Statewide Workers' Compensation Program**

The State Board of Community Colleges makes the necessary arrangements to carry out the provisions of the Workers' Compensation Act which are applicable to employees whose wages are paid in whole or in part from state funds. The College purchases workers' compensation insurance for employees whose salaries or wages are paid by the Board in whole or in part from county or institutional funds.

Additional details on the state-administered risk management programs are disclosed in the State's *Annual Comprehensive Financial Report*, issued by the Office of the State Controller.

NOTE 15 - COMMITMENTS

The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $1,496,283.82 at June 30, 2022.

NOTE 16 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2022, the College implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 87, Leases

GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Sampson Community College
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
*Last Nine Fiscal Years** — *Exhibit C-1*

Teachers' and State Employees' Retirement System	2022	2021	2020	2019	2018
Proportionate Share Percentage of Collective Net Pension Liability	0.04359%	0.04518%	0.04352%	0.04459%	0.04622%
Proportionate Share of TSERS Collective Net Pension Liability	$ 2,041,146.00	$ 5,458,646.00	$ 4,511,700.00	$ 4,439,420.00	$ 3,667,299.00
Covered Payroll	$ 7,233,453.89	$ 7,231,902.20	$ 6,869,154.94	$ 6,703,153.23	$ 7,111,732.33
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	28.22%	75.48%	65.68%	66.23%	51.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.86%	85.98%	87.56%	87.61%	89.51%

	2017	2016	2015	2014
Proportionate Share Percentage of Collective Net Pension Liability	0.04544%	0.04562%	0.04918%	0.05050%
Proportionate Share of TSERS Collective Net Pension Liability	$ 4,176,405.00	$ 1,681,187.00	$ 576,597.00	$ 3,065,865.00
Covered Payroll	$ 6,835,991.69	$ 7,018,068.74	$ 7,121,484.87	$ 7,339,373.78
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	61.09%	23.96%	8.10%	41.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.32%	94.64%	98.24%	90.60%

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27,* as amended.

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

Sampson Community College
Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
Last Ten Fiscal Years

Exhibit C-2

Teachers' and State Employees' Retirement System	**2022**	**2021**	**2020**	**2019**	**2018**
Contractually Required Contribution	$ 1,216,343.96	$ 1,069,104.48	$ 937,977.72	$ 843,532.23	$ 722,599.92
Contributions in Relation to the Contractually Determined Contribution	1,216,343.96	1,069,104.48	937,977.72	843,532.23	722,599.92
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 7,425,787.31	$ 7,233,453.89	$ 7,231,902.20	$ 6,869,154.94	$ 6,703,153.23
Contributions as a Percentage of Covered Payroll	16.38%	14.78%	12.97%	12.28%	10.78%

	2017	**2016**	**2015**	**2014**	**2013**
Contractually Required Contribution	$ 709,750.89	$ 625,493.24	$ 642,153.29	$ 618,857.04	$ 611,369.84
Contributions in Relation to the Contractually Determined Contribution	709,750.89	625,493.24	642,153.29	618,857.04	611,369.84
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 7,111,732.33	$ 6,835,991.69	$ 7,018,068.74	$ 7,121,484.87	$ 7,339,373.78
Contributions as a Percentage of Covered Payroll	9.98%	9.15%	9.15%	8.69%	8.33%

Note: Changes of benefit terms, methods, and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the pension RSI tables.

Sampson Community College
Notes to Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
For the Fiscal Year Ended June 30, 2022

Changes of Benefit Terms:

Cost of Living Increase

Teachers' and State Employees' Retirement System	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	1.00%	N/A	N/A

Beginning in fiscal year 2015, with the implementation of GASB Statement No. 68, the above table reflects Cost of Living Adjustments (COLA's) in the period of the legislative session of Board of Trustees meeting when it was passed. The COLA is effective July 1 of that period and the fiscal year end liability is affected at June 30 of that year because the COLA is included in the actuarial assumptions used to calculate the plan net pension liability.

Effective July 1, 2017, the definition of law enforcement officer related to TSERS members was changed by the General Assembly to include Probation/Parole officers for retirement benefit purposes. The change includes officers with respect to service rendered on or after July 1, 2017 and provides for unreduced retirement at age 55 with five years of service as a law enforcement officer or reduced retirement at 50 with 15 years of service as a law enforcement officer.

Effective July 1, 2017, retirees and beneficiaries of deceased retirees receiving benefits from the TSERS as of July 1, 2016 received a 1% cost-of-living adjustment. Retirees and beneficiaries of retirees with retirement effective dates between July 1, 2016 and before June 30, 2017 received a prorated amount. These benefit enhancements reflect legislation enacted by the North Carolina General Assembly.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of College Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results. See Note 12 for more information on the specific assumptions for each plan. The actuarially determined contributions for those items with covered payroll were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Board of Trustees of the Teachers' and State Employees' Retirement System adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience.

The discount rate for the Teachers' and State Employees' Retirement System was lowered from 7.00% to 6.50% effective for the December 31, 2020 valuation, with the resulting effect on minimum actuarially determined employer contribution rates (or amounts) to be gradually recognized over a five-year period beginning July 1, 2022.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2021 *Annual Comprehensive Financial Report*.

N/A - Not Applicable

Sampson Community College
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
*Last Six Fiscal Years**

Exhibit C-3

Retiree Health Benefit Fund	**2022**	**2021**	**2020**	**2019**	**2018**
Proportionate Share Percentage of Collective Net OPEB Liability	0.03810%	0.03859%	0.03728%	0.03761%	0.03716%
Proportionate Share of Collective Net OPEB Liability	$ 11,778,841.00	$ 10,704,566.00	$ 11,795,730.00	$ 10,713,389.00	$ 12,184,541.00
Covered Payroll	$ 7,233,453.89	$ 7,231,902.20	$ 6,869,154.94	$ 6,703,153.23	$ 7,111,732.33
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	162.84%	148.02%	171.72%	159.83%	171.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.72%	6.92%	4.40%	4.40%	3.52%

	2017
Proportionate Share Percentage of Collective Net OPEB Liability	0.03829%
Proportionate Share of Collective Net OPEB Liability	$ 16,657,451.00
Covered Payroll	$ 6,835,991.69
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	243.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.41%

Sampson Community College
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
*Last Six Fiscal Years**

Disability Income Plan of North Carolina	**2022**	**2021**	**2020**	**2019**	**2018**
Proportionate Share Percentage of Collective Net OPEB Asset	0.03816%	0.03910%	0.03803%	0.03882%	0.03992%
Proportionate Share of Collective Net OPEB Asset	$ 6,233.00	$ 19,235.00	$ 16,410.00	$ 11,792.00	$ 24,399.00
Covered Payroll	$ 7,233,453.89	$ 7,231,902.20	$ 6,869,154.94	$ 6,703,153.23	$ 7,111,732.33
Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	0.09%	0.27%	0.24%	0.18%	0.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	105.18%	115.57%	113.00%	108.47%	116.23%

	2017
Proportionate Share Percentage of Collective Net OPEB Asset	0.03955%
Proportionate Share of Collective Net OPEB Asset	$ 24,561.00
Covered Payroll	$ 6,835,991.69
Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	0.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	116.06%

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* as amended.

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

Sampson Community College
Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Ten Fiscal Years

Retiree Health Benefit Fund	**2022**	**2021**	**2020**	**2019**	**2018**
Contractually Required Contribution	$ 467,082.02	$ 483,194.72	$ 467,904.07	$ 430,696.01	$ 405,540.77
Contributions in Relation to the Contractually Determined Contribution	467,082.02	483,194.72	467,904.07	430,696.01	405,540.77
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 7,425,787.31	$ 7,233,453.89	$ 7,231,902.20	$ 6,869,154.94	$ 6,703,153.23
Contributions as a Percentage of Covered Payroll	6.29%	6.68%	6.47%	6.27%	6.05%

	2017	**2016**	**2015**	**2014**	**2013**
Contractually Required Contribution	$ 412,565.06	$ 382,815.53	$ 385,291.97	$ 384,560.18	$ 388,986.81
Contributions in Relation to the Contractually Determined Contribution	412,565.06	382,815.53	385,291.97	384,560.18	388,986.81
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 7,111,732.33	$ 6,835,991.69	$ 7,018,068.74	$ 7,121,484.87	$ 7,339,373.78
Contributions as a Percentage of Covered Payroll	5.80%	5.60%	5.49%	5.40%	5.30%

Sampson Community College
Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Ten Fiscal Years

Disability Income Plan of North Carolina	**2022**	**2021**	**2020**	**2019**	**2018**
Contractually Required Contribution	$ 6,683.21	$ 6,510.11	$ 7,231.90	$ 9,616.82	$ 9,384.41
Contributions in Relation to the Contractually Determined Contribution	6,683.21	6,510.11	7,231.90	9,616.82	9,384.41
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 7,425,787.31	$ 7,233,453.89	$ 7,231,902.20	$ 6,869,154.94	$ 6,703,153.23
Contributions as a Percentage of Covered Payroll	0.09%	0.09%	0.10%	0.14%	0.14%

	2017	**2016**	**2015**	**2014**	**2013**
Contractually Required Contribution	$ 27,024.58	$ 28,027.57	$ 28,774.08	$ 31,334.53	$ 32,293.24
Contributions in Relation to the Contractually Determined Contribution	27,024.58	28,027.57	28,774.08	31,334.53	32,293.24
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 7,111,732.33	$ 6,835,991.69	$ 7,018,068.74	$ 7,121,484.87	$ 7,339,373.78
Contributions as a Percentage of Covered Payroll	0.38%	0.41%	0.41%	0.44%	0.44%

Note: Changes of benefit terms, methods, and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the OPEB RSI tables.

Sampson Community College
Notes to Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
For the Fiscal Year Ended June 30, 2022

Changes of Benefit Terms: Effective January 1, 2016, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for three of five options of the Retiree Health Benefit Fund (RHBF). Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2017, benefit terms related to copays, coinsurance maximums, out-of-pocket maximums, and deductibles were changed for two of five options of the RHBF. Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2019, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for one of four options of the RHBF. Out-of-pocket maximums increased while certain specialist copays decreased related to option benefits.

Effective January 1, 2020, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for the 70/30 PPO option of the RHBF. Only the copays were adjusted for 80/20 PPO option of the RHBF.

Effective January 1, 2021, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

Additionally, the December 31, 2017 Disability Income Plan of North Carolina (DIPNC) actuarial valuation includes a liability for the State's potential reimbursement of health insurance premiums paid by employers during the second six months of the short-term disability benefit period.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of College Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months preceding the date of the valuation results for the RHBF. The actuarially determined contribution rates in the Schedule of College Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the DIPNC. See Note 13 for more information on the specific assumptions for each plan. The actuarially determined contributions were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Boards of Trustees of the Teachers' and State Employees' Retirement System and the Committee on Actuarial Valuation of Retired Employees' Health Benefits adopted a number of new actuarial assumptions and methods for the RHBF and the DIPNC. The most notable changes to the assumptions include updates to the mortality tables and mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience.

Consistent with the prior year, for the actuarial valuation measured as of June 30, 2021, the discount rate for the RHBF was updated to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. In 2020, disability rates were adjusted to the non-grandfathered assumptions used in the Teachers' and State Employees' Retirement System actuarial valuation to better align with the anticipated incidence of disability. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next four years. For the DIPNC actuarial valuation as of December 31, 2018, for individuals who may become disabled in the future, the Social Security disability income benefit (which is an offset to the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of the disability. The assumed costs related to the Patient Protection and Affordable Care Act regarding the Health Insurance Provider Fee for the fully insured plans and Excise Tax were removed when those pieces were repealed in December 2019 and first recognized in the 2020 OPEB report.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina’s 2021 *Annual Comprehensive Financial Report* .

INDEPENDENT AUDITOR'S REPORT

STATE OF NORTH CAROLINA

Office of the State Auditor

Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699
Telephone: (919) 807-7500
Fax: (919) 807-7647
www.auditor.nc.gov

INDEPENDENT AUDITOR'S 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*

Board of Trustees
Sampson Community College
Clinton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sampson Community College (College), a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 6, 2023. Our report includes a reference to other auditors who audited the financial statements of Sampson Community College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of Sampson Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Sampson Community College Foundation, Inc.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Beth A. Wood

Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

January 6, 2023

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This audit required 322 hours at an approximate cost of $38,640.