

# Central Carolina Community College

Sanford, NC



## Financial Statement Audit Report

For the Year Ended June 30, 2024

State Auditor  
Dave Boliek

A Constitutional Office of the  
State of North Carolina





## North Carolina Office of the State Auditor

Dave Boliek, State Auditor

# Auditor's Transmittal

---

The Honorable Josh Stein, Governor  
The Honorable Phil Berger, President Pro Tempore  
The Honorable Destin Hall, Speaker of the House  
Honorable Members of the North Carolina General Assembly  
Board of Trustees, Central Carolina Community College  
Dr. Lisa M. Chapman, President

With locations in three growing counties in North Carolina, Central Carolina Community College has a great impact on the region's local economy. In fulfilling its mission to provide students with affordable, academic support, the College must also be mindful of its own finances.

Through financial audits of universities and colleges, the North Carolina Office of the State Auditor assesses whether the records prepared by schools are materially correct. Our audit of Central Carolina Community College's financial records shows no material errors for the year ended June 30, 2024. The audited statements make for a clean opinion and can be relied upon by management.

I'd like to thank Central Carolina Community College staff and leadership for working with our team as we conducted our financial statement audit.

Respectfully submitted,

Dave Boliek  
State Auditor

# Table of Contents

	Page
Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements	
Exhibits	
College:	
A-1 Statement of Net Position.....	9
A-2 Statement of Revenues, Expenses, and Changes in Net Position.....	11
A-3 Statement of Cash Flows .....	12
Discretely Presented Component Unit:	
B-1 Statement of Financial Position .....	14
B-2 Statement of Activities and Changes in Net Assets .....	15
Notes to the Financial Statements.....	16
Required Supplementary Information	
C-1 Schedule of the Proportionate Share of the Net Pension Liability (Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan) .....	42
C-2 Schedule of College Contributions (Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan).....	43
Notes to Required Supplementary Information (Cost-Sharing, Multiple- Employer, Defined Benefit Pension Plan).....	44
C-3 Schedule of the Proportionate Share of the Net OPEB Liability or Asset (Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans) .....	45
C-4 Schedule of College Contributions (Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans) .....	47
Notes to Required Supplementary Information (Cost-Sharing, Multiple- Employer, Defined Benefit OPEB Plans).....	49
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 <i>Government Auditing Standards</i> .....	50
Ordering Information .....	52



# **Independent Auditor's Report**



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

# Independent Auditor's Report

---

Board of Trustees  
Central Carolina Community College  
Sanford, North Carolina

## **Report on the Audit of the Financial Statements**

### *Opinions*

We have audited the financial statements of Central Carolina 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, 2024, 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 Central Carolina Community College, and its discretely presented component unit, as of June 30, 2024, 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 Central Carolina 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 Central Carolina 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 April 21, 2025 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.



Dave Boliek  
State Auditor

Raleigh, North Carolina

April 21, 2025



# **Management's Discussion and Analysis**

This section of Central Carolina Community College's (College) financial statements presents Management's Discussion and Analysis (MD&A) of the College's financial activity during the fiscal years ended June 30, 2024 and June 30, 2023. This MD&A focuses on current activities, resulting changes, and currently known facts. Please read it in conjunction with the College's basic financial statements and the notes to the financial statements. For more information, please contact the Financial Services Division at 919-718-7498.

### **Overview of the Financial Statements**

The financial statements focus on the College as a whole and consist of the following basic components: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements.

- The Statement of Net Position presents the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences being reported as net position. Net position reflects the differences in revenues and expenses over the life of the College. The comparison of net position assists the reader in determining the growth and stability of the College.
- The Statement of Revenues, Expenses, and Changes in Net Position displays revenue and expense activities of the College. The net effect of revenues and expenses rolls into net position which reflects the current year activities.
- The Statement of Cash Flows is prepared using the direct method. This statement shows the net changes in cash resulting from operating, investing, noncapital financing, and capital financing activities.
- The Notes to the Financial Statements provide additional information that is essential to fully understanding the data provided.

The financial statements also include a Statement of Financial Position, Statement of Activities and Changes in Net Assets, and certain note disclosures for the College's discretely presented component unit, Central Carolina Community College Foundation, Inc. (Foundation); however, the Foundation is not included in management's discussion and analysis. More information describing the relationship between the College and the Foundation can be found in Note 1A.

### **Statement of Net Position**

#### **Institutional Assets**

The College recognized an increase in cash of \$14,514,745.26 which accounted for the increase in total assets. A significant portion of the College's increase in cash relates to funding received from the North Carolina Office of State Budget and Management (OSBM) for capital improvement projects.

#### **Deferred Outflows of Resources**

Deferred outflows of resources related to pensions and other postemployment benefits (OPEB) increased by \$674,810.00 and \$2,083,949.00, respectively. These fluctuations are due primarily to changes in the actuarial valuations of the State's pension and OPEB plans. See Note 12 – Pension Plans and Note 13 – Other Postemployment Benefits.

#### **Institutional Liabilities and Deferred Inflows of Resources**

Long-term liabilities increased by \$8,392,546.59 due primarily to a combined increase of approximately \$8.0 million in the College's net pension and net OPEB liabilities resulting from changes in actuarial valuations. See Note 9 for more information.

### Deferred Inflows of Resources

Deferred inflows of resources related to pensions and OPEB decreased by \$92,376.00 and \$4,765,126.00, respectively. These fluctuations are primarily attributable to changes in the actuarial valuations of the State's pension and OPEB plans. See Notes 12 and 13 for further details of such changes.

### Net Position

Total net position increased by \$13,470,839.50 from the prior year. The increase in restricted net position is mainly due to an increase in cash resulting from unspent capital contributions received during the year and further discussed below. There were no other significant changes in the College's net position as compared to the prior year.

Condensed Statement of Net Position			
	2024	2023	Increase/ (Decrease)
<b>Assets:</b>			
Current Assets	\$ 7,270,595.70	\$ 6,060,314.18	\$ 1,210,281.52
Noncurrent Assets			
Other Noncurrent Assets	13,552,019.48	237,417.07	13,314,602.41
Capital Assets, Net	60,820,417.37	61,216,603.60	(396,186.23)
Total Assets	81,643,032.55	67,514,334.85	14,128,697.70
Total Deferred Outflows of Resources	24,803,168.00	22,044,409.00	2,758,759.00
<b>Liabilities:</b>			
Current			
Accounts Payable and Accrued Liabilities	1,565,955.33	1,801,610.34	(235,655.01)
Long-Term Liabilities - Current Portion	715,673.69	769,928.55	(54,254.86)
Other Current Liabilities	658,091.53	486,609.05	171,482.48
Noncurrent			
Long-Term Liabilities	64,834,461.45	56,441,914.86	8,392,546.59
Total Liabilities	67,774,182.00	59,500,062.80	8,274,119.20
Total Deferred Inflows of Resources	10,748,247.00	15,605,749.00	(4,857,502.00)
<b>Net Position:</b>			
Net Investment in Capital Assets	60,153,482.09	60,677,129.56	(523,647.47)
Restricted	13,974,329.38	686,192.72	13,288,136.66
Unrestricted	(46,204,039.92)	(46,910,390.23)	706,350.31
Total Net Position	\$ 27,923,771.55	\$ 14,452,932.05	\$ 13,470,839.50

### Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides information regarding the College's activities for the year ending June 30, 2024.

### Operating Revenues

Operating revenues for the College are comprised of tuition and fees and sales and services, which are reported net of applicable discounts and allowances in the financial statements. There was a decrease of \$542,011.69 in net tuition and fee revenues as compared the prior year, primarily due to an increase in scholarship discounts. Sales and services decreased \$277,218.48 primarily due to decreased commissions from the bookstore as students continue their transition away from physical textbooks.

## Nonoperating Revenues

Nonoperating revenues comprise the majority of the College's revenues and include state funds allocated to the College based on the full-time-equivalent (FTE) formula budget computation from the NC State Board of Community College for current expenses and equipment. State aid increased by \$5,780,038.79 over the prior fiscal year due to increased state allocations of budget funding. Student financial aid increased by \$1,425,876.91 due to an increase in students applying for and receiving Pell awards, while federal COVID-19 aid decreased by \$138,179.55 due to Higher Education Emergency Relief Funds (HEERF) no longer being distributed. State COVID-19 aid, much like the federal COVID-19 aid, has been exhausted in prior periods. See Note 11 for further details of this funding. Noncapital contributions decreased by \$1,172,166.12 due to less federal pass-through funding, specifically COVID-19 related funds and Longleaf Commitment. Capital contributions increased by \$11,405,375.06 due to the activity discussed in the capital asset section below.

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023	Increase / (Decrease)
<b>Operating Revenues and Expenses:</b>			
Student Tuition and Fees, Net	\$ 3,803,821.71	\$ 4,345,833.40	\$ (542,011.69)
Sales and Services	336,212.98	613,431.46	(277,218.48)
Less Operating Expenses	(63,671,717.24)	(58,366,676.72)	(5,305,040.52)
Operating Loss	(59,531,682.55)	(53,407,411.86)	(6,124,270.69)
<b>Nonoperating Revenues:</b>			
State Aid	33,251,076.99	27,471,038.20	5,780,038.79
State Aid - Coronavirus	-	2,473,669.96	(2,473,669.96)
County Appropriations	7,396,466.02	7,094,568.12	301,897.90
Student Financial Aid	9,054,108.40	7,628,231.49	1,425,876.91
Federal Aid - COVID-19	2,161,066.75	2,299,246.30	(138,179.55)
Noncapital Contributions	7,303,124.17	8,475,290.29	(1,172,166.12)
Investment Income	76,836.73	40,235.45	36,601.28
Other Nonoperating Revenues	43,426.07	43,329.80	96.27
Total Nonoperating Revenues	59,286,105.13	55,286,023.61	3,760,495.52
Income (Loss) Before Other Revenues	(245,577.42)	2,118,197.75	(2,363,775.17)
Capital Contributions	13,716,416.92	2,311,041.86	11,405,375.06
Increase in Net Position	13,470,839.50	4,429,239.61	9,041,599.89
Net Position, July 1	14,452,932.05	10,023,692.44	4,429,239.61
Net Position, June 30	\$ 27,923,771.55	\$ 14,452,932.05	\$ 13,470,839.50
<b>Reconciliation of Change in Net Position</b>			
Total Revenues	\$ 77,142,556.74	\$ 62,795,916.33	\$ 14,346,640.41
Less: Total Expenses	63,671,717.24	58,366,676.72	5,305,040.52
Increase in Net Position	\$ 13,470,839.50	\$ 4,429,239.61	\$ 19,651,680.93

## Operating Expenses

Operating expenses of the College are comprised principally of the direct cost of personnel and their fringe benefits. Salaries and benefits account for 69% of the total operating expenses of the College. Salaries and benefits increased by \$6,846,154.47 primarily due to legislative salary increases, increased hiring related to the National Science Foundation Earth grant, and more state grant allocations for high-cost programs.

	Operating Expenses		Increase/ (Decrease)
	2024	2023	
Salaries and Benefits	\$ 43,740,031.33	\$ 36,893,876.86	\$ 6,846,154.47
Supplies and Services	10,023,119.84	10,785,229.74	(762,109.90)
Scholarships and Fellowships	6,274,397.36	6,465,270.99	(190,873.63)
Utilities	1,211,768.83	1,581,036.28	(369,267.45)
Depreciation/Amortization	2,422,399.88	2,641,262.85	(218,862.97)
Total Operating Expenses	<u>\$ 63,671,717.24</u>	<u>\$ 58,366,676.72</u>	<u>\$ 5,305,040.52</u>

## Significant Capital Asset Activities

### State Construction Infrastructure Fund (SCIF)

The College received an allocation of \$12,723,000 from the Office of State Budget and Management through the SCIF in 2023-2024. These funds were allocated for additional upgrades to the Moore Center Phase 1B project and the construction of a Fire Training Tower on the Harnett Main Campus.

### **Economic Forecast**

Central Carolina Community College is well positioned to meet the needs of its growing service area. The College maintains a strong financial base and will continue to implement sound fiscal management.

The College's state funding is primarily driven by FTE earned by the College. FTE during fiscal year 2024 was up from fiscal year 2023, and FTE is projected to increase again in fiscal year 2025. Community colleges across North Carolina have been experiencing growth and Central Carolina is no exception. Increased workforce demand driven by economic development is expected to fuel enrollment growth for the College in our three-county service area over the next several years.

The College established Central Carolina Promise for Lee County high school graduates beginning the fall semester of 2018. The Promise program was extended to Chatham and Harnett County high school graduates in fall 2019. Through this program, eligible high school graduates from these three counties will have their tuition and fees paid by the counties to attend the College for two years. The College anticipates the continued growth and stability of this program contributing positively to enrollment and funding in future years.

Chatham, Harnett, and Lee Counties continue to meet the College's facilities operational expense needs. The counties in our service area were all able to maintain or increase funding

levels for the College in fiscal year 2024. The counties in our service area continue to be very supportive of the College.

The College continues to seek for new funding sources through grants. The College has received a variety of grants from the federal Department of Education, National Science Foundation, Department of Labor, Duke Energy Foundation, Title III, and Golden Leaf.

The College is responding to major companies that are currently in our serving area and others that are in the process of locating to our counties. In partnership with Lee County, the College has begun a renovation project that will ultimately add 180,000 square feet to the College's Main Campus in Sanford with the completion of the Eugene E. Moore Manufacturing and Biotechnology Solutions Center. This renovation project will enable the College to continue to respond to the growing workforce development needs of the College's service area as well as the greater Central North Carolina Region. The College has received funding through the State which will be allocated toward this project. In response to local, regional, and statewide demand for commercial truck drivers, the College started a Truck Driver Training Program, which began operating out of the Moore Center this year.

Central Carolina Community College tuition costs remain well below that of four-year colleges and universities in the State. The College continues to form partnerships with our local industries, enabling us to provide quality training for both current and future employees of Lee, Harnett and Chatham counties. The College also engages in partnerships with four-year colleges and universities across the state, providing students an opportunity to continue their education. The College focuses on innovative, quality, and affordable education for all citizens and strives to meet the education and training needs of our local communities.



# **Financial Statements**

**Central Carolina Community College**  
**Statement of Net Position**  
**June 30, 2024**

**Exhibit A-1**  
**Page 1 of 2**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 5,022,174.50
Restricted Cash and Cash Equivalents	850,007.71
Receivables, Net (Note 4)	836,959.13
Inventories	552,589.01
Prepaid Items	8,865.35
Total Current Assets	<u>7,270,595.70</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents	13,295,919.29
Restricted Due from Primary Government	169,238.28
Restricted Due from State of North Carolina Component Units	86,861.91
Capital Assets - Nondepreciable (Note 5)	4,762,090.25
Capital Assets - Depreciable, Net (Note 5)	<u>56,058,327.12</u>
Total Noncurrent Assets	<u>74,372,436.85</u>
Total Assets	<u>81,643,032.55</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions	14,638,003.00
Deferred Outflows Related to Other Postemployment Benefits (Note 13)	<u>10,165,165.00</u>
Total Deferred Outflows of Resources	<u>24,803,168.00</u>

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 6)	1,565,955.33
Unearned Revenue	288,817.61
Funds Held for Others	369,273.92
Long-Term Liabilities - Current Portion (Note 7)	<u>715,673.69</u>
Total Current Liabilities	<u>2,939,720.55</u>

Noncurrent Liabilities:

Long-Term Liabilities (Note 7)	<u>64,834,461.45</u>
Total Liabilities	<u>67,774,182.00</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions	447,143.00
Deferred Inflows Related to Other Postemployment Benefits (Note 13)	<u>10,301,104.00</u>
Total Deferred Inflows of Resources	<u>10,748,247.00</u>

**Central Carolina Community College**  
**Statement of Net Position**  
**June 30, 2024**

**Exhibit A-1**  
**Page 2 of 2**

**NET POSITION**

Net Investment in Capital Assets	60,153,482.09
Restricted:	
Expendable:	
Student Financial Aid	57,416.06
Capital Projects	13,465,157.57
Specific Programs	445,361.51
Other	<u>6,394.24</u>
Total Restricted-Expendable Net Position	<u>13,974,329.38</u>
Unrestricted	<u>(46,204,039.92)</u>
Total Net Position	<u><u>\$ 27,923,771.55</u></u>

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

**Central Carolina Community College**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2024**

**Exhibit A-2**

**OPERATING REVENUES**

Student Tuition and Fees, Net (Note 10)	\$ 3,803,821.71
Sales and Services	336,212.98
	<hr/>
Total Operating Revenues	4,140,034.69
	<hr/>

**OPERATING EXPENSES**

Salaries and Benefits	43,740,031.33
Supplies and Services	10,023,119.84
Scholarships and Fellowships	6,274,397.36
Utilities	1,211,768.83
Depreciation/Amortization	2,422,399.88
	<hr/>
Total Operating Expenses	63,671,717.24
	<hr/>
Operating Loss	(59,531,682.55)
	<hr/>

**NONOPERATING REVENUES**

State Aid	33,251,076.99
County Appropriations	7,396,466.02
Student Financial Aid	9,054,108.40
Federal Aid - COVID-19	2,161,066.75
Noncapital Contributions	7,303,124.17
Investment Income	76,836.73
Other Nonoperating Revenues	43,426.07
	<hr/>
Total Nonoperating Revenues	59,286,105.13
	<hr/>
Loss Before Other Revenues	(245,577.42)
	<hr/>
State Capital Aid	2,331,031.02
County Capital Aid	381,732.07
Capital Contributions	11,003,653.83
	<hr/>
Total Other Revenues	13,716,416.92
	<hr/>
Increase in Net Position	13,470,839.50

**NET POSITION**

Net Position - July 1, 2023	14,452,932.05
	<hr/>
Net Position - June 30, 2024	\$ 27,923,771.55
	<hr/>

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

**Central Carolina Community College**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

**Exhibit A-3**  
**Page 1 of 2**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from Customers	\$ 3,955,796.27
Payments to Employees and Fringe Benefits	(42,888,463.79)
Payments to Vendors and Suppliers	(11,857,781.19)
Payments for Scholarships and Fellowships	(6,299,656.86)
Other Receipts	261,242.02
	<hr/>
Net Cash Used by Operating Activities	(56,828,863.55)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Aid	33,251,076.99
County Appropriations	7,396,466.02
Student Financial Aid	9,041,663.52
Federal Aid - COVID-19	2,161,066.75
Noncapital Contributions	7,303,124.17
	<hr/>
Total Cash Provided by Noncapital Financing Activities	59,153,397.45

**CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES**

State Capital Aid	2,500,269.30
County Capital Aid	565,352.52
Capital Contributions	11,250,774.22
Proceeds from Sale of Capital Assets	296,135.42
Acquisition and Construction of Capital Assets	(2,157,189.79)
Principal Paid on Lease/Subscription Liabilities	(310,427.04)
Interest and Fees Paid on Lease/Subscription Liabilities	(31,540.00)
	<hr/>
Net Cash Provided by Capital Financing and Related Financing Activities	12,113,374.63

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income	76,836.73
	<hr/>
Cash Provided by Investing Activities	76,836.73
	<hr/>
Net Increase in Cash and Cash Equivalents	14,514,745.26
Cash and Cash Equivalents - July 1, 2023	4,653,356.24
	<hr/>
Cash and Cash Equivalents - June 30, 2024	\$ 19,168,101.50

**Central Carolina Community College**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

**Exhibit A-3**  
**Page 2 of 2**

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (59,531,682.55)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	2,422,399.88
Other Nonoperating Income	43,426.07
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(241,888.21)
Inventories	(92,774.35)
Prepaid Items	(7,488.35)
Deferred Outflows Related to Pensions	(674,810.00)
Deferred Outflows Related to Other Postemployment Benefits	(2,083,949.00)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	(404,893.29)
Unearned Revenue	32,907.73
Funds Held for Others	138,574.75
Net Pension Liability	2,659,896.00
Net Other Postemployment Benefits Liability	5,420,035.00
Compensated Absences	348,884.77
Deferred Inflows Related to Pensions	(92,376.00)
Deferred Inflows Related to Other Postemployment Benefits	(4,765,126.00)
Net Cash Used by Operating Activities	<u><u>\$ (56,828,863.55)</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Assets Acquired through the Assumption of a Liability	\$ 437,888.28
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(48,474.00)
Loss on Disposal of Capital Assets	(272,729.00)

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

**Central Carolina Community College Foundation, Inc.**  
**Statement of Financial Position**  
**June 30, 2024**

**Exhibit B-1**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 190,887	\$ 2,272,656	\$ 2,463,543
Grants Receivable	-	5,950	5,950
Accrued Sales Tax Receivable	1,993	-	1,993
Total Current Assets	192,880	2,278,606	2,471,486
Noncurrent Assets			
Beneficial Interest in Charitable Remainder Unitrust	-	1,853	1,853
Investments	3,586,278	8,615,419	12,201,697
Total Noncurrent Assets	3,586,278	8,617,272	12,203,550
Total Assets	<u>\$ 3,779,158</u>	<u>\$ 10,895,878</u>	<u>\$ 14,675,036</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 39,356	\$ -	\$ 39,356
Total Liabilities	39,356	-	39,356
<b>NET ASSETS</b>			
Without Donor Restrictions:			
Operating	3,324,932	-	3,324,932
Board-Designated - Commitment to Excellence Scholarship	414,870	-	414,870
Total Net Assets Without Donor Restrictions	3,739,802	-	3,739,802
With Donor Restrictions	-	10,895,878	10,895,878
Total Net Assets	3,739,802	10,895,878	14,635,680
Total Liabilities and Net Assets	<u>\$ 3,779,158</u>	<u>\$ 10,895,878</u>	<u>\$ 14,675,036</u>

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

**Central Carolina Community College Foundation, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2024**

**Exhibit B-2**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions:			
Unrestricted	\$ 29,611	\$ -	\$ 29,611
Restricted	-	1,686,793	1,686,793
In-Kind	199,451	-	199,451
Fundraising Activities:			
Cash	94,144	-	94,144
In-Kind	-	-	-
Investment Return	671,880	787,175	1,459,055
Change in Value of Split Interest Agreements	-	(765)	(765)
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	1,380,569	(1,380,569)	-
Total Revenue and Other Support	<u>2,375,655</u>	<u>1,092,634</u>	<u>3,468,289</u>
<b>EXPENSES</b>			
Awards and Scholarships	1,525,451	-	1,525,451
General and Administrative	299,998	-	299,998
Fundraising	23,620	-	23,620
Total Expenses	<u>1,849,069</u>	<u>-</u>	<u>1,849,069</u>
Change in Net Assets	526,586	1,092,634	1,619,220
<b>NET ASSETS</b>			
Net Assets at Beginning of Year, as Restated	<u>3,213,216</u>	<u>9,803,244</u>	<u>13,016,460</u>
Net Assets at End of Year	<u>\$ 3,739,802</u>	<u>\$ 10,895,878</u>	<u>\$ 14,635,680</u>

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. Central Carolina 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** - Central Carolina 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 32 members, one of which is a current Trustee of the College, and such non-Trustee members may be selected pursuant to the bylaws of the Foundation. 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 is a private nonprofit organization that 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, 2024, the Foundation distributed \$1,525,451 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Administrative Services Division, Central Carolina Community College, 1105 Kelly Drive, Sanford, NC 27330.

- 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, cash on deposit with private bank accounts, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty. The College's equity position in the STIF is recorded at fair value. Additional information regarding the fair value measurement of deposits held by the State Treasurer in the STIF is disclosed in Note 3.
- E. 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.
- F. Inventories** - Inventories, consisting of expendable supplies, are valued at cost using the last invoice cost method.
- G. 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.

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. In addition, grouped acquisitions of machinery and equipment that have an estimated useful life of more than one year but are individually below the \$5,000 threshold are capitalized if deemed material.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	10-100 years
Machinery and Equipment	2-30 years
General Infrastructure	10-75 years

Right-to-use lease and subscription assets are recorded at the present value of payments expected to be made during the lease or subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Lease liabilities are capitalized as a right-to-use asset when the underlying leased asset has a cost of \$10,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of \$400,000 or greater and an estimated useful life of more than one year.

Amortization for right-to-use lease and subscription assets is computed using the straight-line method over the shorter of the lease/subscription term or the underlying asset's estimated useful life. If a lease agreement contains a purchase option the College is reasonably certain will be exercised, the right-to-use lease asset is amortized over the asset's estimated useful life.

- H. 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.
- I. 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.

- J. Noncurrent Long-Term Liabilities** - Noncurrent long-term liabilities include lease liabilities, subscription liabilities, 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 2023 *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 2023 *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 and Disability Income Plan of North Carolina. 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.

- K. 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.

- L. 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.

- M. 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.

**N. Scholarship Discounts** - Student tuition and fees 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.

**O. 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.

**P. 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**

**College** - 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. The amount shown on the Statement of Net Position as cash and cash equivalents includes cash on hand totaling \$3,200.00, and deposits in private financial institutions with a carrying value of \$17,252,619.77 and a bank balance of \$17,609,977.64.

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, 2024, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

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, 2024, the amount shown on the Statement of Net Position as cash and cash equivalents includes \$1,912,281.73, which represents the College's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.4 years as of June 30, 2024. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at <https://www.nctreasurer.com/> in the Audited Financial Statements section.

**Component Unit** - Investments of the College's discretely presented component unit, the 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:

	Cost	Fair Value
Mutual Funds	\$ 10,000,319	\$ 12,201,697

### Note 3 - Fair Value Measurements

**College** - To the extent available, the College's investments are recorded at fair value as of June 30, 2024. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- |         |   |
|---------|---|
| Level 1 | Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date. |
| Level 2 | Investments with inputs - other than quoted prices included within Level 1 - that are observable for an asset, either directly or indirectly.                 |
| Level 3 | Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment.   |

**Short-Term Investment Fund** - At year-end, all of the College's investments valued at \$1,912,281.73 were held in the STIF. Ownership interests of the STIF are determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The College's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

**Component Unit** - Financial Accounting Standards Board Statement Codification (the "Codification") 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Codification are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- 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 asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual Funds:* Valued at the quoted market prices of shares held by the plan at year end.

The methods described above 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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table represents assets reported on the statement of financial position at their fair value as of June 30, 2024, by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 12,201,697	\$ 0	\$ 0	\$ 12,201,697

### Note 4 - Receivables

Receivables at June 30, 2024, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
<b>Current Receivables:</b>			
Students	\$ 930,710.47	\$ 338,589.13	\$ 592,121.34
Accounts	244,837.79	-	244,837.79
<b>Total Current Receivables</b>	<b>\$ 1,175,548.26</b>	<b>\$ 338,589.13</b>	<b>\$ 836,959.13</b>

## Note 5 - Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2024, is presented as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets, Nondepreciable:				
Land and Permanent Easements	\$ 4,521,454.25	\$ -	\$ -	\$ 4,521,454.25
Construction in Progress	30,096.00	210,540.00	-	240,636.00
<b>Total Capital Assets, Nondepreciable</b>	<b>4,551,550.25</b>	<b>210,540.00</b>	<b>-</b>	<b>4,762,090.25</b>
Capital Assets, Depreciable:				
Buildings	78,214,708.63	-	11,350.00	78,203,358.63
Machinery and Equipment	11,651,505.67	2,115,888.07	855,267.58	12,912,126.16
General Infrastructure	1,855,450.77	-	-	1,855,450.77
Right-to-Use Leased Machinery and Equipment	315,692.00	-	-	315,692.00
Right-to-Use Subscription Assets	508,816.00	268,650.00	508,816.00	268,650.00
<b>Total Capital Assets, Depreciable</b>	<b>92,546,173.07</b>	<b>2,384,538.07</b>	<b>1,375,433.58</b>	<b>93,555,277.56</b>
Less Accumulated Depreciation/Amortization for:				
Buildings	28,501,798.63	1,546,866.23	11,350.40	30,037,314.46
Machinery and Equipment	6,376,755.93	617,982.34	569,077.76	6,425,660.51
General Infrastructure	718,842.16	112,022.64	-	830,864.80
Right-to-Use Leased Machinery and Equipment	57,582.00	105,230.67	-	162,812.67
Right-to-Use Subscription Assets	226,141.00	40,298.00	226,141.00	40,298.00
<b>Total Accumulated Depreciation/Amortization</b>	<b>35,881,119.72</b>	<b>2,422,399.88</b>	<b>806,569.16</b>	<b>37,496,950.44</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>56,665,053.35</b>	<b>(37,861.81)</b>	<b>568,864.42</b>	<b>56,058,327.12</b>
<b>Capital Assets, Net</b>	<b>\$61,216,603.60</b>	<b>\$ 172,678.19</b>	<b>\$ 568,864.42</b>	<b>\$60,820,417.37</b>

As of June 30, 2024, the total amount of right-to-use leased and subscription assets was \$315,692.00 and \$268,650.00, and the related accumulated amortization was \$162,812.67 and \$40,298.00, respectively.

## Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2024, were as follows:

	Amount
<b>Current Accounts Payable and Accrued Liabilities:</b>	
Accounts Payable	\$ 205,607.18
Accounts Payable - Capital Assets	169,238.28
Accrued Payroll	1,135,477.11
Other	55,632.76
<b>Total Current Accounts Payable and Accrued Liabilities</b>	<b>\$ 1,565,955.33</b>

## Note 7 - Long-Term Liabilities

A summary of changes in the long-term liabilities for the year ended June 30, 2024, is presented as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Long-Term Liabilities					
Lease Liabilities	\$ 315,692.00	\$ -	\$ 51,575.00	\$ 264,117.00	\$ 104,383.00
Subscription (SBITA) Liabilities	223,782.04	268,650.00	258,852.04	233,580.00	47,650.00
Compensated Absences	2,930,002.37	2,855,669.98	2,506,785.21	3,278,887.14	563,640.69
Net Pension Liability	22,184,693.00	2,659,896.00	-	24,844,589.00	-
Net Other Postemployment Benefits Liability	31,557,674.00	5,371,288.00	-	36,928,962.00	-
<b>Total Long-Term Liabilities</b>	<b>\$ 57,211,843.41</b>	<b>\$ 11,155,503.98</b>	<b>\$ 2,817,212.25</b>	<b>\$ 65,550,135.14</b>	<b>\$ 715,673.69</b>

Additional information regarding lease and subscription (SBITA) liabilities 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 and Subscription-Based Information Technology Arrangements

**A. Lessee Arrangements** - The College has lease agreements for the right to use equipment from external parties. The leases expire at various dates, and some have renewal options. Lease liabilities and 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 underlying right-to-use asset into service. The expected payments are discounted using the interest rate stated per the lease contract, or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

The College's lessee arrangements at June 30, 2024, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Term	Interest Rate
Lessee:					
Right-to-Use Leased Machinery and Equipment	1	\$ 264,117.00	\$ 104,383.00	3 Years	7.50%

**B. Subscription-Based Information Technology Arrangements (SBITAs)** - The College enters SBITAs for the right to use information technology software and cloud computing arrangement (network) assets from external parties. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

The College's SBITAs at June 30, 2024, are summarized below (excluding short-term SBITAs):

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2024	Current Portion	SBITA Term and Condition	Interest Rate
Right-to-Use Subscription Assets	1	\$ 233,580.00	\$ 47,650.00	5 Years	8.50%

**C. Annual Requirements** - The annual requirements to pay principal and interest on leases and SBITAs at June 30, 2024, are as follows:

Fiscal Year	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 104,383.00	\$ 12,725.00	\$ 47,650.00	\$ 18,026.00
2026	112,488.00	4,620.00	51,861.00	13,815.00
2027	47,246.00	-	56,446.00	9,230.00
2028	-	-	61,435.00	4,241.00
2029	-	-	16,188.00	230.00
<b>Total Requirements</b>	<b>\$ 264,117.00</b>	<b>\$ 17,345.00</b>	<b>\$ 233,580.00</b>	<b>\$ 45,542.00</b>

## 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	\$ (10,653,729.00)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(37,064,901.00)
Effect on Unrestricted Net Position	(47,718,630.00)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	1,514,590.08
<b>Total Unrestricted Net Position</b>	<b>\$ (46,204,039.92)</b>

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	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:				
Student Tuition and Fees, Net	\$ 6,819,257.18	\$ 2,882,632.31	\$ 132,803.16	\$ 3,803,821.71

## 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	\$ 23,335,576.69	\$ 2,648,539.96	\$ 88,793.59	\$ 704.49	\$ -	\$ 26,073,614.73
Public Service	374,659.44	126,947.75	-	95,760.20	-	597,367.39
Academic Support	5,428,954.62	1,260,141.71	-	-	-	6,689,096.33
Student Services	5,002,613.63	1,762,529.05	154,393.29	-	-	6,919,535.97
Institutional Support	6,978,224.15	1,542,738.91	17,560.62	-	-	8,538,523.68
Operations and Maintenance of Plant	2,599,822.08	2,644,556.70	-	1,115,304.14	-	6,359,682.92
Student Financial Aid	-	14,134.64	6,012,899.86	-	-	6,027,034.50
Auxiliary Enterprises	20,180.72	23,531.12	750.00	-	-	44,461.84
Depreciation/Amortization	-	-	-	-	2,422,399.88	2,422,399.88
<b>Total Operating Expenses</b>	<b>\$ 43,740,031.33</b>	<b>\$ 10,023,119.84</b>	<b>\$ 6,274,397.36</b>	<b>\$ 1,211,768.83</b>	<b>\$ 2,422,399.88</b>	<b>\$ 63,671,717.24</b>

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 \$2,161,066.75 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 unreduced 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 reduced 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases.

**Contributions:** Contribution provisions are established by General Statute 135-8 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, 2024 was 17.64% of covered payroll. Plan members' contributions to the pension plan were \$1,567,860.57, and the College's contributions were \$4,609,510.07 for the year ended June 30, 2024.

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 2023 *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, 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 2023 *Annual Comprehensive Financial Report*.

**Net Pension Liability:** At June 30, 2024, the College reported a liability of \$24,844,589.00 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total pension liability to June 30, 2023. 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, 2023, the College's proportion was 0.14902%, which was a decrease of 0.00045 from its proportion measured as of June 30, 2022, which was 0.14947%.

**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	12/31/2022
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, 2022 valuation 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, 2023 (the measurement date) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	0.9%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	8.2%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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, 2023 is 0.78%.

**Discount Rate:** The discount rate used to measure the total pension liability was 6.5% for the December 31, 2022 valuation. The 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, 2023 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:

<u>Net Pension Liability</u>		
<u>1% Decrease (5.5%)</u>	<u>Current Discount Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
\$ 42,652,337.00	\$ 24,844,589.00	\$ 10,153,774.00

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** For the year ended June 30, 2024, the College recognized pension expense of \$6,498,853.00. At

June 30, 2024, 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	\$ 2,025,422.00	\$ 183,371.00
Changes of Assumptions	872,509.00	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,919,216.00	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	211,345.93	263,772.00
Contributions Subsequent to the Measurement Date	4,609,510.07	-
<b>Total</b>	<b>\$ 14,638,003.00</b>	<b>\$ 447,143.00</b>

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, 2025. 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
2025	\$ 3,246,675.00
2026	1,622,475.00
2027	4,416,633.00
2028	295,566.93
<b>Total</b>	<b>\$ 9,581,349.93</b>

### 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 2023 *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 benefit 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 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 2023 *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 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 the 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 (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the 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 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 repealed retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amended Chapter 135, Article 3B of the General Statutes to require that retirees must earn contributory retirement service in the TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

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

*Contributions:* 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 Act. The College's contractually-required contribution rate for the year ended June 30, 2024 was 7.14% of covered payroll. The College's contributions to the RHBF were \$1,865,754.07 for the year ended June 30, 2024.

In fiscal year 2022, the Plan transferred \$180.51 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 the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2024, the College recognized noncapital contributions for RHBF of \$48,474.00.

## 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 State's 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, while the employee is disabled and does not meet the TSERS conditions for unreduced service retirement. 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 becoming disabled 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. A general 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; (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, by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee be at least age 62, 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, benefits are calculated in the same manner as described above except that after the first 36 months of the long-term disability, no further long-term disability benefits are payable unless the employee has been approved and is in receipt of primary Social Security benefits.

Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases.

*Contributions:* Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act 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, 2024 was 0.11% of covered payroll. The College's contributions to DIPNC were \$28,744.11 for the year ended June 30, 2024.

### C. Net OPEB Liability

*Retiree Health Benefit Fund:* At June 30, 2024, the College reported a liability of \$36,894,371.00 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. 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, 2023, the College's proportion was 0.13847%, which was an increase of 0.00574 from its proportion measured as of June 30, 2022, which was 0.13273%.

*Disability Income Plan of North Carolina:* At June 30, 2024, the College reported a liability of \$34,591.00 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. 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, 2023, the College's proportion was 0.13006%, which was a decrease of 0.00085 from its proportion measured as of June 30, 2022, which was 0.13091%.

*Actuarial Assumptions:* The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2022, 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, 2023 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2022	12/31/2022
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.0%
Healthcare Cost Trend Rate - Medical***	6.5% grading down to 5% by 2029	N/A
Healthcare Cost Trend Rate - Prescription Drug***	10% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Prescription Drug Rebates***	7% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	0% through 2025, 5% thereafter	N/A
Healthcare Cost Trend Rate - Administrative***	3%	N/A

\* Salary increases include 3.25% inflation and productivity factor.

\*\* Investment rate of return is net of OPEB plan investment expense, including inflation.

\*\*\* Disability Income Plan of NC eliminated employer reimbursements from the Plan (which included State Health Plan premiums) effective July 1, 2019.

N/A - Not Applicable

The OPEB plans currently use mortality tables that vary by age, gender, employee group (i.e. teacher, other educational employee, general employee, or 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 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, 2023.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2023 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	0.9%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	8.2%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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, 2023 is 0.78%.

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 the historical pattern of sharing of benefit costs between the employer and plan members to that point. The RHBF is funded solely by employer contributions and 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. Prior to July 1, 2019, employers received a reimbursement from DIPNC for employer costs, including the employer's share of the State Health Plan premiums, incurred during the second six months of the first year of a member's short-term disability coverage. With the elimination of the reimbursement to employers, State Health Plan premiums are no longer reimbursed by DIPNC for the benefits that were effective on or after July 1, 2019.

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

**Discount Rate:** The discount rate used to measure the total OPEB liability for RHBF was 3.65% at June 30, 2023 compared to 3.54% at June 30, 2022. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments to current plan members. As a result, a municipal bond rate of 3.65% was used as the discount rate used to measure the total OPEB liability. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% at June 30, 2023 compared to 3.08% at June 30, 2023. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments to the current plan members. In order to develop the blended discount rate of 3.00%, 3.00% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.65% was used during the period that the plan was projected to have no fiduciary net position. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

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

		Net OPEB Liability		
		1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
RHBF	\$	43,529,027.64	\$ 36,894,371.00	\$ 31,498,722.19
		1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	\$	41,582.78	\$ 34,591.00	\$ 27,471.27

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:** The following presents the net OPEB liability of the plans, as well as what the plans' net OPEB liability 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		
		1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6%, Med. Advantage - 0% - 4%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 0% - 5%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 0% - 6%, Administrative - 4%)
RHBF	\$	30,463,177.06	\$ 36,894,371.00	\$ 45,197,150.80

Effective with the actuarial valuation as of December 31, 2021, the liability for the State's potential reimbursement of costs incurred by employers was removed because the reimbursement by DIPNC was eliminated for disabilities occurring on or after July 1, 2019. Thus sensitivity to changes in the healthcare cost trend rates is not applicable for DIPNC.

**OPEB Expense:** For the fiscal year ended June 30, 2024, the College recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	\$ (421,438.00)
DIPNC	(47,690.00)
<b>Total OPEB Expense</b>	<b>\$ (469,128.00)</b>

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* At June 30, 2024, 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:**

	RHBFB	DIPNC	Total
Differences Between Actual and Expected Experience	\$ 406,327.00	\$ 30,314.00	\$ 436,641.00
Changes of Assumptions	3,997,254.93	2,520.89	3,999,775.82
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	294,766.00	45,180.00	339,946.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	3,489,860.00	4,444.00	3,494,304.00
Contributions Subsequent to the Measurement Date	1,865,754.07	28,744.11	1,894,498.18
<b>Total</b>	<u>\$ 10,053,962.00</u>	<u>\$ 111,203.00</u>	<u>\$ 10,165,165.00</u>

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

	RHBFB	DIPNC	Total
Differences Between Actual and Expected Experience	\$ 36,153.00	\$ 19,159.00	\$ 55,312.00
Changes of Assumptions	9,844,282.00	5,905.00	9,850,187.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	389,421.00	6,184.00	395,605.00
<b>Total</b>	<u>\$ 10,269,856.00</u>	<u>\$ 31,248.00</u>	<u>\$ 10,301,104.00</u>

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liabilities related to RHBFB and DIPNC in the fiscal year ending June 30, 2025. 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:	RHBFB	DIPNC
2025	\$ (1,275,526.00)	\$ 16,431.00
2026	(1,604,841.00)	10,562.00
2027	(164,667.00)	15,761.00
2028	963,385.93	5,689.00
2029	-	1,860.00
Thereafter	-	907.89
<b>Total</b>	<u>\$ (2,081,648.07)</u>	<u>\$ 51,210.89</u>

## **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 from employee dishonesty and computer fraud for employees paid by county and institutional funds by private insurance coverage.

### **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.

### **5. Other Insurance Held by the College**

The College purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance. The types of insurance policies purchased include: general liability, crime, business auto, umbrella, property, health professional, officer's liability, and employer's liability.

## **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 \$192,664.00 and on other purchases were \$238,736.94 at June 30, 2024.



# **Required Supplementary Information**

**Central Carolina Community College**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan**  
**Last Ten Fiscal Years\***

**Exhibit C-1**

Teachers' and State Employees' Retirement System	2024	2023	2022	2021	2020
Proportionate Share Percentage of Collective Net Pension Liability	0.14902%	0.14947%	0.15198%	0.14216%	0.14301%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 24,844,589.00	\$ 22,184,693.00	\$ 7,116,617.00	\$ 17,175,767.00	\$ 14,825,785.00
Covered Payroll	\$ 25,358,331.11	\$ 24,618,537.20	\$ 23,694,244.35	\$ 22,855,262.23	\$ 22,675,979.37
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	97.97%	90.11%	30.04%	75.15%	65.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.97%	84.14%	94.86%	85.98%	87.56%
	2019	2018	2017	2016	2015
Proportionate Share Percentage of Collective Net Pension Liability	0.14621%	0.14071%	0.14200%	0.13344%	0.12343%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 14,556,798.00	\$ 11,164,552.00	\$ 13,051,267.00	\$ 4,917,528.00	\$ 1,447,119.00
Covered Payroll	\$ 21,755,611.35	\$ 20,719,599.23	\$ 20,030,821.82	\$ 19,038,269.29	\$ 17,817,343.02
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	66.91%	53.88%	65.16%	25.83%	8.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%	89.51%	87.32%	94.64%	98.24%

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.

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

**Exhibit C-2**

<b>Teachers' and State Employees' Retirement System</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually Required Contribution	\$ 4,609,510.07	\$ 4,407,277.95	\$ 4,032,516.39	\$ 3,502,009.31	\$ 2,964,327.51
Contributions in Relation to the Contractually Determined Contribution	4,609,510.07	4,407,277.95	4,032,516.39	3,502,009.31	2,964,327.51
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 26,131,009.44	\$ 25,358,331.11	\$ 24,618,537.20	\$ 23,694,244.35	\$ 22,855,262.23
Contributions as a Percentage of Covered Payroll	17.64%	17.38%	16.38%	14.78%	12.97%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 2,786,877.86	\$ 2,345,254.90	\$ 2,067,816.00	\$ 1,832,820.20	\$ 1,742,001.55
Contributions in Relation to the Contractually Determined Contribution	2,786,877.86	2,345,254.90	2,067,816.00	1,832,820.20	1,742,001.55
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 22,675,979.37	\$ 21,755,611.35	\$ 20,719,599.23	\$ 20,030,821.82	\$ 19,038,269.29
Contributions as a Percentage of Covered Payroll	12.29%	10.78%	9.98%	9.15%	9.15%

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

**Central Carolina 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, 2024**

*Changes of Benefit Terms:*

	<u>Cost of Living Increase</u>									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Teachers' and State Employees' Retirement System	N/A	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	1.00%

Beginning in fiscal year 2015, with the implementation of GASB Statement No. 68, the above table reflects Cost of Living Adjustments (COLA) in the period of the legislative session or Board of Trustees meeting when it was passed. The COLA is effective as of July 1 of that period and the fiscal year end plan 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 age 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.

In December 2021 for the fiscal year ended June 30, 2022, retirees and beneficiaries of deceased retirees receiving benefits from the TSERS as of September 1, 2021, received a one-time cost-of-living supplement payment, equal to 2% of the beneficiary's annual retirement allowance.

Benefit recipients of the TSERS received a one-time benefit supplement payment equal to 4% of the member's annual benefit amount, paid in October 2022, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2023. The one-time supplement does not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

Benefit recipients of the TSERS will receive a one-time benefit supplement payment equal to 4% of the member's annual benefit amount, paid in November 2023, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2024. The one-time supplement does not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions :** An actuarial valuation is performed for each year for the plan. 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 the 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 January 2021, the actuarial assumptions for the TSERS were updated to more closely reflect actual experience.

In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of the TSERS 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 the TSERS experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Boards of Trustees of the TSERS adopted a number of new actuarial assumptions and methods. 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.

The discount rate for the TSERS 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 2023 *Annual Comprehensive Financial Report*.

N/A - Not Applicable

**Central Carolina 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 Eight Fiscal Years\***

**Exhibit C-3**  
**Page 1 of 2**

<b>Retiree Health Benefit Fund</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportionate Share Percentage of Collective Net OPEB Liability	0.13847%	0.13273%	0.12836%	0.12218%	0.12462%
Proportionate Share of Collective Net OPEB Liability	\$ 36,894,371.00	\$ 31,518,731.00	\$ 39,684,162.00	\$ 33,893,439.00	\$ 39,430,662.00
Covered Payroll	\$ 25,358,331.11	\$ 24,618,537.20	\$ 23,694,244.35	\$ 22,855,262.23	\$ 22,675,979.37
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	145.49%	128.03%	167.48%	148.30%	173.89%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.73%	10.58%	7.72%	6.92%	4.40%
	<b>2019</b>	<b>2018</b>	<b>2017</b>		
Proportionate Share Percentage of Collective Net OPEB Liability	0.12571%	0.12200%	0.12597%		
Proportionate Share of Collective Net OPEB Liability	\$ 35,811,349.00	\$ 39,998,236.00	\$ 54,801,232.00		
Covered Payroll	\$ 21,755,611.35	\$ 20,719,599.23	\$ 20,030,821.82		
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	164.61%	193.05%	273.58%		
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	3.52%	2.41%		

**Central Carolina 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 Eight Fiscal Years\***

**Exhibit C-3**  
**Page 2 of 2**

<b>Disability Income Plan of North Carolina</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.13006%	0.13091%	0.13436%	0.12410%	0.12542%
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ 34,591.00	\$ 38,943.00	\$ (21,946.00)	\$ (61,050.00)	\$ (54,119.00)
Covered Payroll	\$ 25,358,331.11	\$ 24,618,537.20	\$ 23,694,244.35	\$ 22,855,262.23	\$ 22,675,979.37
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.14%	0.16%	0.09%	0.27%	0.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.61%	90.34%	105.18%	115.57%	113.00%
	<b>2019</b>	<b>2018</b>	<b>2017</b>		
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.12914%	0.12482%	0.12708%		
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ (39,228.00)	\$ (76,290.00)	\$ (78,917.00)		
Covered Payroll	\$ 21,755,611.35	\$ 20,719,599.23	\$ 20,030,821.82		
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.18%	0.37%	0.39%		
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.47%	116.23%	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.

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

**Exhibit C-4**  
**Page 1 of 2**

<b>Retiree Health Benefit Fund</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually Required Contribution	\$ 1,865,754.07	\$ 1,747,189.01	\$ 1,548,505.99	\$ 1,582,775.52	\$ 1,478,735.47
Contributions in Relation to the Contractually Determined Contribution	<u>1,865,754.07</u>	<u>1,747,189.01</u>	<u>1,548,505.99</u>	<u>1,582,775.52</u>	<u>1,478,735.47</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 26,131,009.44	\$ 25,358,331.11	\$ 24,618,537.20	\$ 23,694,244.35	\$ 22,855,262.23
Contributions as a Percentage of Covered Payroll	7.14%	6.89%	6.29%	6.68%	6.47%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 1,421,783.91	\$ 1,316,214.49	\$ 1,203,808.72	\$ 1,121,726.02	\$ 1,045,200.98
Contributions in Relation to the Contractually Determined Contribution	<u>1,421,783.91</u>	<u>1,316,214.49</u>	<u>1,203,808.72</u>	<u>1,121,726.02</u>	<u>1,045,200.98</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 22,675,979.37	\$ 21,755,611.35	\$ 20,719,599.23	\$ 20,030,821.82	\$ 19,038,269.29
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	5.60%	5.49%

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

**Exhibit C-4  
Page 2 of 2**

<b>Disability Income Plan of North Carolina</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually Required Contribution	\$ 28,744.11	\$ 25,358.33	\$ 22,156.68	\$ 30,802.52	\$ 22,855.26
Contributions in Relation to the Contractually Determined Contribution	28,744.11	25,358.33	22,156.68	30,802.52	22,855.26
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 26,131,009.44	\$ 25,358,331.11	\$ 24,618,537.20	\$ 23,694,244.35	\$ 22,855,262.23
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.09%	0.13%	0.10%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 31,746.37	\$ 30,457.86	\$ 78,734.48	\$ 82,126.37	\$ 78,056.90
Contributions in Relation to the Contractually Determined Contribution	31,746.37	30,457.86	78,734.48	82,126.37	78,056.90
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 22,675,979.37	\$ 21,755,611.35	\$ 20,719,599.23	\$ 20,030,821.82	\$ 19,038,269.29
Contributions as a Percentage of Covered Payroll	0.14%	0.14%	0.38%	0.41%	0.41%

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

**Central Carolina 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, 2024**

---

*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.

Effective January 1, 2022, the structure of employer contributions to the RHBF was altered by legislation. Previously, non-Medicare-eligible retirees had the same employer contribution rate as active employees. As a result of the legislative change, non-Medicare-eligible retirees have the same employer contribution rate as Medicare-eligible retirees.

Beginning with the Disability Income Plan of North Carolina (DIPNC) actuarial valuation as of December 31, 2017, the valuation included a liability for the State's potential reimbursement of costs incurred by employers for income benefits and health insurance premiums during the second six months of the first year of employee's short-term disability benefit period. Effective with the actuarial valuation as of December 31, 2021, this liability was removed from the actuarial valuation because the reimbursement from DIPNC was eliminated for disabilities occurring on or after July 1, 2019.

*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:* Consistent with prior years, for the actuarial valuation measured as of June 30, 2023 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.65%, from 3.54% as of June 30, 2022. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. 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 five years. The expected impact from the Inflation Reduction Act on assumed Medicare Advantage rates was included. The terms of the Pharmacy Benefits Management contract effective January 1, 2023 and the terms of the third party administrator contract effective January 1, 2025 were incorporated in the valuation.

For the actuarial valuation measured as of June 30, 2023 for DIPNC, the discount rate was updated to 3.00%, from 3.08% as of June 30, 2022. This was a result of an update to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end, combined with a change in the degree to which the plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members.

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 TSERS 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. Also in 2020, disability rates were adjusted to the non-grandfathered assumptions used in the TSERS actuarial valuation to better align with the anticipated incidence of disability.

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 2023 *Annual Comprehensive Financial Report*.



# **Independent Auditor's Report**



## North Carolina Office of the State Auditor

Dave Boliek, State Auditor

### **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  
Central Carolina Community College  
Sanford, 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 Central Carolina 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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated April 21, 2025. Our report includes a reference to other auditors who audited the financial statements of Central Carolina Community College Foundation, Inc. (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation 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 the Foundation.

#### 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.



Dave Boliek  
State Auditor

Raleigh, North Carolina

April 21, 2025

# Ordering Information

---

Copies of this report may be obtained by contacting:

Office of the State Auditor  
State of North Carolina  
20601 Mail Service Center  
Raleigh, North Carolina 27699

Telephone: 919-807-7500  
Fax: 919-807-7647  
Internet: [www.auditor.nc.gov](http://www.auditor.nc.gov)



To report alleged incidents of fraud, waste or abuse in state government contact the  
Office of the State Auditor's Tipline:

**Telephone:** 1-800-730-8477

**Internet:** [www.auditor.nc.gov/about-us/state-auditors-tipline](http://www.auditor.nc.gov/about-us/state-auditors-tipline)

For additional information contact the  
North Carolina Office of the State Auditor at:

**919-807-7666**

