

# Randolph Community College

Asheboro, 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

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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, Randolph Community College  
Dr. Shah Ardalan, President

Situated in Asheboro, Randolph Community College's innovative partnerships like the Emergency Medical Services Paramedic Academy help provide students with new educational opportunities. Such opportunities are also dependent on well-managed 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 Randolph 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.

Randolph Community College's staff and leadership were very helpful during this financial statement audit, and I appreciate their willingness to work with our team.

Respectfully submitted,

Dave Boliek  
State Auditor

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Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.



# **Independent Auditor's Report**



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

# Independent Auditor's Report

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Board of Trustees  
Randolph Community College  
Asheboro, North Carolina

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

### *Opinions*

We have audited the financial statements of Randolph 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 Randolph 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 Randolph 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 Randolph 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 22, 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 22, 2025



# **Management's Discussion and Analysis**



This section of Randolph Community College's (College) Annual Financial Report presents the Management's Discussion and Analysis of the College's financial activity during the fiscal year ended June 30, 2024, and comparisons with June 30, 2023. College management has prepared this discussion, along with the financial statements and related notes to the financial statements. It should be read in conjunction with and is qualified in its entirety by the financial statements and notes to the financial statements. The financial statements, notes to the financial statements, and this discussion are the responsibility of College management.

### **Using the Annual Report/Overview of Financial Statements**

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Randolph Community College Foundation, Inc. (Foundation) is a discretely presented component unit of the College. The financial statements presented focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

One of the most important questions asked about College finances is whether the College as a whole is better or worse off as a result of the year's activities. The keys to understanding this question are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The College's net position is one indicator of the College's financial health. Over time, increases or decreases in net position indicate the improvement or challenges of the College's financial health when considered with nonfinancial facts such as enrollment levels and the need for additional programs.

The Statement of Net Position includes all assets plus deferred outflows of resources and liabilities plus deferred inflows of resources with the difference reported as net position. The Statement of Net Position is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies state and county appropriations and gifts as nonoperating revenues. Student financial aid is presented as nonoperating revenue. Public colleges' dependency on state and county aid and gifts usually results in an operating deficit under governmental accounting standards. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents information detailing the sources and uses of cash from operating activities, noncapital financing activities, capital financing and related financing activities, and investing activities.

In addition to the College's financial statements and accompanying notes, information for a component unit is presented. The Statement of Financial Position, Statement of Activities, and certain notes for the Foundation are discretely presented alongside the College's financial

statements; however, the component unit is not included in management's discussion and analysis. More information describing the relationship between the College and its discretely presented component unit can be found in Note 1A, Significant Accounting Policies - Financial Reporting Entity.

## Financial Highlights

The following are highlights of financial activity of Randolph Community College for fiscal year 2024:

- The assets and deferred outflows of Randolph Community College exceeded its liabilities and deferred inflows on June 30, 2024, by \$29,684,102.96 (net position). Net position from FY2024 operations increased by \$2,524,658.79 from prior FY2023. This increase is mainly due to an increase in support through capital grant funding.
- Operating revenues for the year ended June 30, 2024, increased by \$182,790.31 from the prior year.
- Nonoperating revenues for the year ended June 30, 2024, increased by \$2,718,225.51 from the prior year.
- Operating expenses for the year ended June 30, 2024, increased by \$7,793,643.76 compared to last FY2023.
- Capital assets (net) increased by \$1,841,975.92 due primarily to the acquisition of land and machinery and equipment additions of \$3,377,580.38, offset by depreciation expense of \$1,439,169.68 and disposal of assets of \$102,849.43.

## Financial Analysis of the College's Funds

**Condensed Statement of Net Position:** This schedule is prepared from the College's Statement of Net Position, which is presented on the accrual basis of accounting.

### Condensed Statement of Net Position

	2024	2023 (as Restated)	Change
Current Assets	\$ 5,889,397.12	\$ 6,561,629.46	\$ (672,232.34)
Noncurrent Assets			
Capital Assets, Net of Depreciation	47,027,176.92	45,185,201.00	1,841,975.92
Other	1,970,838.88	1,181,017.23	789,821.65
Total Assets	<u>54,887,412.92</u>	<u>52,927,847.69</u>	<u>1,959,565.23</u>
Total Deferred Outflows of Resources	<u>10,621,632.16</u>	<u>8,738,947.16</u>	<u>1,882,685.00</u>
Current Liabilities	817,910.62	509,036.70	308,873.92
Long-Term Liabilities	<u>29,356,443.50</u>	<u>25,781,733.98</u>	<u>3,574,709.52</u>
Total Liabilities	<u>30,174,354.12</u>	<u>26,290,770.68</u>	<u>3,883,583.44</u>
Total Deferred Inflows of Resources	<u>5,650,588.00</u>	<u>8,216,580.00</u>	<u>(2,565,992.00)</u>
Net Position			
Net Investment in Capital Assets	46,939,785.64	45,185,201.00	1,754,584.64
Restricted	3,158,108.39	1,973,375.71	1,184,732.68
Unrestricted	<u>(20,413,791.07)</u>	<u>(19,999,132.54)</u>	<u>(414,658.53)</u>
Total Net Position	<u>\$ 29,684,102.96</u>	<u>\$ 27,159,444.17</u>	<u>\$ 2,524,658.79</u>

Net position on June 30, 2024, increased by \$2,524,658.79 over the prior fiscal year. The increase in net position is mainly due to an increase in net investment in capital assets and restricted net position which includes increases in grant support over customized training and rural broadband projects and OSBM funding for capital projects. See the Capital Assets section below for discussion on capital asset activity that impacted net position.

**Assets:** The College's assets on June 30, 2024, are comprised of cash and cash equivalents, receivables, inventory, and capital assets, net. Total assets increased by \$1,959,565.23 primarily due to an increase in capital assets (net). See the Capital Assets section below for more details. Current cash decreased by \$793,025.57 primarily due to the cost of services to support faculty, staff, and students such as campus dining and bookstore operations. There was an increase of \$789,821.65 in noncurrent restricted cash due primarily to an increase in capital grant funding.

**Liabilities:** The College's liabilities on June 30, 2024, are comprised of accounts payable and payroll accruals, unearned revenue, funds held for others, compensated absences for employee leave, net pension liability, and net other post-employment benefits (OPEB) liabilities. Total liabilities increased by \$3,883,583.44 from the prior fiscal year. This was primarily due to an increase in noncurrent long-term liabilities of \$3,574,709.52. The increase in long-term liabilities was mainly due to the increase in the net pension/OPEB liability and both due to changes in the actuarial valuations of the plans. Refer to Notes 11 and 12 of the Notes to the Financial Statements for more information about the College's proportionate share of the net pension liability and the net OPEB liability, respectively.

**Deferred Outflows and Inflows of Resources:** Deferred outflows related to Pension increased by \$451,909.00, and deferred outflows related to OPEB increased by \$1,430,776.00. Deferred inflows related to OPEB decreased by \$2,459,684.00, and deferred inflows related to Pension decreased by \$106,308.00. Changes in deferred outflows and inflows of resources related to the pension and OPEB plans were the result of changes to the underlying assumptions used to value the plans. See Notes 11 and 12 of the Notes to the Financial Statements for more information about the College's deferred outflows of resources and inflows of resources related to pensions and OPEB, respectively.

**Condensed Statement of Revenues, Expenses, and Changes in Net Position:** This schedule is prepared from the College's Statement of Revenues, Expenses, and Changes in Net Position, which is presented on an accrual basis of accounting, for the years ended June 30, 2024, and June 30, 2023. State and local appropriations are not classified as operating revenue per GASB Statement No. 35; therefore, the College will usually show a significant operating loss.

## Management's Discussion and Analysis

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

	2024	2023 (as Restated)	Change
<b>Operating Revenues</b>			
Student Tuition and Fees, Net	\$ 1,811,944.45	\$ 1,663,238.33	\$ 148,706.12
Sales and Services, Net	634,546.36	562,621.28	71,925.08
Other Operating Revenues	256,356.66	294,197.55	(37,840.89)
<b>Total Operating Revenues</b>	<b>2,702,847.47</b>	<b>2,520,057.16</b>	<b>182,790.31</b>
<b>Operating Expenses</b>			
Salaries and Benefits	21,123,896.63	17,448,689.59	3,675,207.04
Supplies and Service	8,515,031.07	4,802,315.70	3,712,715.37
Scholarships and Fellowships	3,338,974.11	3,153,095.19	185,878.92
Utilities	734,792.21	627,765.28	107,026.93
Depreciation	1,439,169.68	1,326,354.18	112,815.50
<b>Total Operating Expenses</b>	<b>35,151,863.70</b>	<b>27,358,219.94</b>	<b>7,793,643.76</b>
<b>Operating Loss</b>	<b>(32,449,016.23)</b>	<b>(24,838,162.78)</b>	<b>(7,610,853.45)</b>
<b>Nonoperating Revenues</b>			
State Aid	18,248,805.80	15,678,197.64	2,570,608.16
County Appropriations	2,954,893.31	2,947,583.09	7,310.22
Student Financial Aid	5,158,041.14	4,841,766.80	316,274.34
Federal Aid - COVID-19	-	206,225.85	(206,225.85)
Noncapital Contributions	2,309,662.89	2,283,795.70	25,867.19
Investment Income	69,844.64	54,828.69	15,015.95
Other Nonoperating Revenues	2,768.92	13,393.42	(10,624.50)
<b>Total Nonoperating Revenues</b>	<b>28,744,016.70</b>	<b>26,025,791.19</b>	<b>2,718,225.51</b>
<b>Income (Loss) Before Other Revenues</b>	<b>(3,704,999.53)</b>	<b>1,187,628.41</b>	<b>(4,892,627.94)</b>
<b>Other Revenues</b>			
Capital Aid and Capital Contributions	6,229,658.32	964,099.90	5,265,558.42
<b>Increase in Net Position</b>	<b>2,524,658.79</b>	<b>2,151,728.31</b>	<b>372,930.48</b>
Net Position, July 1	26,737,661.74	25,007,079.95	1,730,581.79
Restatement	421,782.43	635.91	421,146.52
<b>Net Position, June 30</b>	<b>\$ 29,684,102.96</b>	<b>\$ 27,159,444.17</b>	<b>\$ 2,524,658.79</b>
<i>Reconciliation of Changes in Net Position</i>			
Total Revenues	\$ 37,676,522.49	\$ 29,509,948.25	\$ 8,166,574.24
Less: Total Expenses	35,151,863.70	27,358,219.94	7,793,643.76
<b>Increase in Net Position</b>	<b>\$ 2,524,658.79</b>	<b>\$ 2,151,728.31</b>	<b>\$ 372,930.48</b>

The College's total operating revenue increased by \$182,790.31 as compared to the prior year. The increase is related to the increase in student tuition and fees, which is due to an increase in enrollment. The College's total operating expenses increased by \$7,793,643.76 as

compared to the prior year. The major contributor to this increase is due to an increase in salaries and benefits which included a 4% legislative raise for employees and payouts for terminations and retirements. There was also an increase in supplies and services primarily due to \$1,269,176.55 spent on the Rural Broadband Project that started in 2024, an \$814,093.15 increase in instructional supplies to support customized training programs, along with additional funding received from the county through a ¼ cent sales tax referendum that supported much needed repairs and maintenance across the College that had been neglected for many years. These repairs included concrete masonry, plumbing, fencing, carpet replacement, and various other repairs needed on main campus. None of these projects performed in fiscal year 2024 met the requirements for capitalization.

Total nonoperating revenues increased by \$2,718,225.51 as compared to the prior fiscal year. This increase of state aid in the amount of \$2,570,608.16 was the primary contributor for this increase due to changes in the College's funding formula, as determined by the North Carolina Community College System Office (NCCCSO). The increase in state aid helped to offset the decrease of \$206,225.85 in federal COVID-19 aid funding. There was also an increase of \$316,274.34 in student financial aid due to an increase in enrollment and more students qualifying for the following: NCNBG Scholarship, NC Student Aid Transition Scholarship, Longleaf Commitment, and NC Accelerator Grant.

Other revenues increased by \$5,265,558.42 from the last fiscal year. The increase is mainly due to an increase in capital grants, and state/county capital aid. The increase in capital aid is primarily due to the College receiving assistance with the much-needed renovations on our campus. This funding is being used for several projects that have been needing completion for many years. The increase is also due to Randolph County funding the addition of 21.95 acres of land, on which the College plans to build a mixed-use workforce and education center.

**Capital Assets:** Randolph Community College's investment in capital assets (net) as of June 30, 2024, was \$46,939,785.64. This investment in capital assets includes land, art, buildings, general infrastructure, machinery and equipment, and is net of accumulated depreciation. The total increase in the College's net investment in capital assets of \$1,754,584.64 is primarily due to the addition of \$1,498,000.00 in land and \$1,879,580.38 in machinery and equipment offset by depreciation expense of \$1,439,169.68 and disposal of assets of \$102,849.43. There were no construction projects in progress during fiscal year 2024, but there are plans for constructions projects in fiscal year 2025. For additional information on capital assets, see Note 5 of the Notes to the Financial Statements.

Capital Assets, Net As of June 30			
	2024	2023	Change
Capital Assets			
Land and Permanent Easements	\$ 2,781,806.58	\$ 1,283,806.58	\$ 1,498,000.00
Art	10,000.00	10,000.00	-
Construction in Progress	-	-	-
Buildings	50,540,617.90	50,540,617.90	-
Machinery and Equipment	13,129,855.46	11,373,498.50	1,756,356.96
General Infrastructure	3,062,646.52	3,056,231.87	6,414.65
Total	69,524,926.46	66,264,154.85	3,260,771.61
Less Accumulated Depreciation (Assets)	22,497,749.54	21,078,953.85	1,418,795.69
Capital Assets, Net	\$ 47,027,176.92	\$ 45,185,201.00	\$ 1,841,975.92

### Economic and Other Factors Impacting Future Periods

Recent unprecedented developments in Randolph and surrounding counties will result in \$30 billion of new investment, demanding 10,000 new workers, and resulting in population growth of over 100,000. Naturally, the numbers keep changing and growing but any way you look at them, the impact is big on every scale. Randolph Community College must play a leadership role in supporting this growth without compromising the services provided to our current partners.

After extensive interactions and input from the stakeholders, the Randolph Community College (RCC) Board of Trustees announced RCC 2.0 and adapted strategies to reach it by 2030. Building on RCC's over six decades of providing affordable, high-quality education and workforce training, RCC 2.0 is poised to be a more Relevant, Career-focused, Committed college. The 2030 Strategic Plan will be guided by four imperatives: Access, Connection, Experience, and Success (ACES). *At RCC, everything starts with Access and leads to Success!*

Randolph Community College is grateful and fortunate that our State legislators and County leaders work with the college extremely well. We hope this partnership continues as the funding and changes in our trustees are critical to our stability and expected success.

There are and will be many other factors that could impact our future but here are a select few:

- Unfunded mandates and legislation that would require extensive time and efforts, like the requirement to change accreditation.
- State-wide implementations and changes to shared services and technologies like the Enterprise Resource Planning without deep understanding of the local impact.
- Potential implementation of a modern funding formula that is proactive and based on performance, while considering equity among the 58 colleges and even the universities. Propel NC is a good start.
- The national trends in retirement and challenges for finding the required talent are evident in North Carolina and especially in Randolph County with all the changes and growth. The State must be creative to allow the colleges to hire the caliber of faculty and staff needed to take the College to the next level. Competition for talent has never been more challenging, especially in the rural areas. The increases to cover part of the cost-of-living expenses would not get us there.
- Additional efficiency and effectiveness related to getting and spending funds will empower the colleges to plan and avoid unnecessary hardship and waste of limited resources.
- As the demographics of the State and Randolph County are changing and the exceptional need and cost of providing wraparound services to all students increase, systemic and comprehensive approaches are needed which require leadership and significant funding. The cost of not doing it would be much higher for all of us!

The College has been able to manage their funding exceptionally well despite having reversions in the past. The College will continue to implement sound fiscal management to ensure we remain within our budget.

**Requests for Information**

This financial report is designed to provide a general overview of Randolph Community College's finances for those with an interest in the College's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Randolph Community College, 629 Industrial Park Avenue, Asheboro, NC 27205.



# Financial Statements



**Randolph Community College**  
**Statement of Net Position**  
**June 30, 2024**

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

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 3,547,900.49
Restricted Cash and Cash Equivalents	1,232,352.78
Receivables, Net (Note 4)	676,281.30
Inventories	432,862.55

Total Current Assets 5,889,397.12

Noncurrent Assets:

Restricted Cash and Cash Equivalents	1,970,838.88
Capital Assets - Nondepreciable (Note 5)	2,791,806.58
Capital Assets - Depreciable, Net (Note 5)	44,235,370.34

Total Noncurrent Assets 48,998,015.80

Total Assets 54,887,412.92

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions	6,782,973.53
Deferred Outflows Related to Other Postemployment Benefits (Note 12)	3,838,658.63

Total Deferred Outflows of Resources 10,621,632.16

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 6)	552,801.52
Unearned Revenue	49,068.43
Funds Held for Others	57,297.31
Long-Term Liabilities - Current Portion (Note 7)	158,743.36

Total Current Liabilities 817,910.62

Noncurrent Liabilities:

Long-Term Liabilities (Note 7)	29,356,443.50
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Total Liabilities 30,174,354.12

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions	283,293.00
Deferred Inflows Related to Other Postemployment Benefits (Note 12)	5,367,295.00

Total Deferred Inflows of Resources 5,650,588.00

**Randolph Community College**  
**Statement of Net Position**  
**June 30, 2024**

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

**NET POSITION**

Net Investment in Capital Assets	<u>46,939,785.64</u>
Restricted:	
Expendable:	
Student Financial Aid	10,523.84
Restricted for Specific Programs	714,384.16
Capital Projects	1,962,015.56
Other	<u>471,184.83</u>
Total Restricted-Expendable Net Position	<u>3,158,108.39</u>
Unrestricted	<u>(20,413,791.07)</u>
Total Net Position	<u><u>\$ 29,684,102.96</u></u>

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

**Randolph 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 9)	\$ 1,811,944.45
Sales and Services, Net (Note 9)	634,546.36
Other Operating Revenues	256,356.66
	<hr/>
Total Operating Revenues	2,702,847.47
	<hr/>

**OPERATING EXPENSES**

Salaries and Benefits	21,123,896.63
Supplies and Services	8,515,031.07
Scholarships and Fellowships	3,338,974.11
Utilities	734,792.21
Depreciation	1,439,169.68
	<hr/>
Total Operating Expenses	35,151,863.70
	<hr/>
Operating Loss	(32,449,016.23)
	<hr/>

**NONOPERATING REVENUES**

State Aid	18,248,805.80
County Appropriations	2,954,893.31
Student Financial Aid	5,158,041.14
Noncapital Contributions	2,309,662.89
Investment Income	69,844.64
Other Nonoperating Revenues	2,768.92
	<hr/>
Total Nonoperating Revenues	28,744,016.70
	<hr/>
Loss Before Other Revenues	(3,704,999.53)
	<hr/>
State Capital Aid	1,426,817.21
County Capital Aid	2,264,537.90
Capital Contributions	2,538,303.21
	<hr/>
Total Other Revenues	6,229,658.32
	<hr/>
Increase in Net Position	2,524,658.79

**NET POSITION**

Net Position - July 1, 2023, as Restated (Note 15)	27,159,444.17
	<hr/>
Net Position - June 30, 2024	\$ 29,684,102.96
	<hr/> <hr/>

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

**Randolph 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	\$ 2,674,005.30
Payments to Employees and Fringe Benefits	(21,886,599.06)
Payments to Vendors and Suppliers	(8,891,045.80)
Payments for Scholarships and Fellowships	(3,338,974.11)
Other Receipts	85,188.66
	<hr/>
Net Cash Used by Operating Activities	(31,357,425.01)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Aid	18,248,805.80
County Appropriations	2,954,893.31
Student Financial Aid	5,158,041.14
Noncapital Contributions	2,332,162.89
	<hr/>
Total Cash Provided by Noncapital Financing Activities	28,693,903.14

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

State Capital Aid	1,426,817.21
County Capital Aid	417,506.69
Capital Contributions	2,538,303.21
Acquisition and Construction of Capital Assets	(1,792,153.80)
	<hr/>
Net Cash Provided by Capital Financing and Related Financing Activities	2,590,473.31

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income	69,844.64
	<hr/>
Net Decrease in Cash and Cash Equivalents	(3,203.92)
Cash and Cash Equivalents - July 1, 2023	6,754,296.07
	<hr/>
Cash and Cash Equivalents - June 30, 2024	\$ 6,751,092.15
	<hr/> <hr/>

**Randolph 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	\$ (32,449,016.23)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	1,439,169.68
Other Nonoperating Income	105,618.35
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(31,895.07)
Inventories	260,133.05
Deferred Outflows Related to Pensions	(451,909.00)
Deferred Outflows Related to Other Postemployment Benefits	(1,430,776.00)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	203,111.38
Unearned Revenue	2,879.90
Funds Held for Others	(20,429.69)
Net Pension Liability	1,059,593.00
Net Other Postemployment Benefits Liability	2,497,578.00
Compensated Absences	24,509.62
Deferred Inflows Related to Pensions	(106,308.00)
Deferred Inflows Related to Other Postemployment Benefits	(2,459,684.00)
Net Cash Used by Operating Activities	<u>\$ (31,357,425.01)</u>

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

Assets Acquired through the Assumption of a Liability	\$ 87,391.28
Loss on Disposal of Capital Assets	(102,849.43)
Increase in Receivables Related to Other Revenues	349,031.21
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	22,500.00
Land Additions Funded by County	1,498,000.00

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

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

**Exhibit B-1**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 407,400
Restricted Cash and Cash Equivalents	676,688
Investments Held by Fiscal Agent	14,605,319
Prepaid Expense	11,453
Bequest Receivable	299,372
Sales Tax Refund Receivable	<u>1,245</u>
Total Current Assets	<u>16,001,477</u>

Noncurrent Assets:

Investments in Land	<u>51,392</u>
Total Assets	<u><u>\$ 16,052,869</u></u>

**LIABILITIES**

Accounts Payable	<u>\$ 2,920</u>
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**NET ASSETS**

Without Donor Restrictions	2,451,875
With Donor Restrictions	<u>13,598,074</u>
Total Net Assets	<u>16,049,949</u>
Total Liabilities and Net Assets	<u><u>\$ 16,052,869</u></u>

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

**Randolph Community College Foundation, Inc.**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2024**

**Exhibit B-2**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions - Cash	\$ 29,683	\$ 621,928	\$ 651,611
Contributions - Noncash	46,256	37,664	83,920
Income Earned on Investments	92,257	606,316	698,573
Net Realized and Unrealized Gains on Investments	129,472	773,500	902,972
	<u>297,668</u>	<u>2,039,408</u>	<u>2,337,076</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of Program Restrictions	577,604	(577,604)	-
<b>FUNCTIONAL EXPENSES</b>			
Program Services	490,317	-	490,317
Supporting Services	164,723	-	164,723
	<u>655,040</u>	<u>-</u>	<u>655,040</u>
Increase in Net Assets	220,232	1,461,804	1,682,036
<b>NET ASSETS</b>			
Net Assets - Beginning of Year	2,231,643	12,136,270	14,367,913
Net Assets - End of Year	<u>\$ 2,451,875</u>	<u>\$ 13,598,074</u>	<u>\$ 16,049,949</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. Randolph 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** - Randolph Community College Foundation, Inc. (Foundation) is a legally separate, nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the College.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of no more than 26 directors, five of which serve by virtue of their position on the College Board of Trustees. 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 \$490,317.00 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Rebecca Marshall, Foundation Operations Manager, at (336) 633-0295.

**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. Merchandise for resale is valued at cost by using Courseworks/BookLog Point of Sale System. This software keeps track of inventory and a running average of cost per item that is used for inventory valuation.

- 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 significant.

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	10-75 years
Machinery and Equipment	2-40 years
General Infrastructure	10-75 years

The College does not capitalize the Library and Audio-Visual collection. This collection adheres to the College's policy to maintain for public exhibition, education, or research; protect, keep unencumbered, care for, and preserve; and require proceeds from their sale to be used to acquire other collection items. Accounting principles generally accepted in the United States of America permit collections maintained in this manner to be charged to operations at time of purchase rather than be capitalized.

- 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 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 11 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 12 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 July 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 fiscal 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 June 30 plus the leave earned, less the leave taken between July 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 June 30 is retained by employees and transferred into the next fiscal 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 8 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 and certain other revenues from College charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship discount.

- 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. Internal Sales Activities** - Certain institutional auxiliary operations provide goods and services to College departments, as well as to its customers. These institutional auxiliary operations include activities such as campus foods and the campus store. All internal sales activities to College departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

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

## 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 \$5,736,119.12 and a bank balance of \$6,093,062.23.

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 \$1,011,773.03, 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, Randolph Community College Foundation, Inc. (Foundation), are subject to and restricted by G.S. 36E Uniform Prudent Management of Institutional Funds Act (UPMIFA) and any requirements placed on them by contract or donor agreements. Because the Foundation reports under the FASB reporting model, disclosures of the various investment risks are not required. The following is an analysis of investments by type:

Investment Type	Cost	Carrying Value
Cash and Cash Alternatives	\$ 2,382,558	\$ 2,382,558
Equity Mutual Funds	3,672,696	7,680,604
Fixed Income Funds	2,229,737	4,542,157
<b>Total Investments Held by Fiscal Agents</b>	<b>\$ 8,284,991</b>	<b>\$ 14,605,319</b>

### 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 \$1,011,773.03 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** - The Foundation considers all highly liquid short-term investments to be cash equivalents. Short-term investments include amounts on deposit held by a fiscal agent. All investments are valued in the financial statements at fair value based on publicly available trading values. The following is the fair value of the investments held by the fiscal agent on June 30, 2024:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>Investments by Fair Value Level</b>				
Cash and Cash Alternatives	\$ 2,382,558	\$ 2,382,558	\$ -	\$ -
Equity Mutual Funds	7,680,604	7,680,604	-	-
Fixed Income Funds	4,542,157	4,542,157	-	-
<b>Total Investments Measured at Fair Value</b>	<b>\$ 14,605,319</b>	<b>\$ 14,605,319</b>	<b>\$ -</b>	<b>\$ -</b>

**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	\$ 807,244.03	\$ 782,584.02	\$ 24,660.01
Student Sponsors	92,783.11	-	92,783.11
Intergovernmental	349,031.21	-	349,031.21
Other	209,806.97	-	209,806.97
<b>Total Current Receivables</b>	<b>\$ 1,458,865.32</b>	<b>\$ 782,584.02</b>	<b>\$ 676,281.30</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	\$ 1,283,806.58	\$ 1,498,000.00	\$ -	\$ 2,781,806.58
Art, Literature, and Artifacts	10,000.00	-	-	10,000.00
<b>Total Capital Assets, Nondepreciable</b>	<b>1,293,806.58</b>	<b>1,498,000.00</b>	<b>-</b>	<b>2,791,806.58</b>
Capital Assets, Depreciable:				
Buildings	50,540,617.90	-	-	50,540,617.90
Machinery and Equipment	11,373,498.50	1,879,580.38	123,223.42	13,129,855.46
General Infrastructure	3,056,231.87	6,414.65	-	3,062,646.52
<b>Total Capital Assets, Depreciable</b>	<b>64,970,348.27</b>	<b>1,885,995.03</b>	<b>123,223.42</b>	<b>66,733,119.88</b>
Less Accumulated Depreciation for:				
Buildings	15,443,091.26	801,888.36	-	16,244,979.62
Machinery and Equipment	4,737,360.04	563,514.15	20,373.99	5,280,500.20
General Infrastructure	898,502.55	73,767.17	-	972,269.72
<b>Total Accumulated Depreciation</b>	<b>21,078,953.85</b>	<b>1,439,169.68</b>	<b>20,373.99</b>	<b>22,497,749.54</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>43,891,394.42</b>	<b>446,825.35</b>	<b>102,849.43</b>	<b>44,235,370.34</b>
<b>Capital Assets, Net</b>	<b>\$ 45,185,201.00</b>	<b>\$ 1,944,825.35</b>	<b>\$ 102,849.43</b>	<b>\$ 47,027,176.92</b>



**Note 6 - Accounts Payable and Accrued Liabilities**

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

	<u>Amount</u>
<b>Current Accounts Payable and Accrued Liabilities:</b>	
Accounts Payable	\$ 215,263.40
Accounts Payable - Capital Assets	87,391.28
Accrued Payroll	194,197.83
Other	<u>55,949.01</u>
<b>Total Current Accounts Payable and Accrued Liabilities</b>	<b><u>\$ 552,801.52</u></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:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Current Portion</u>
Long-Term Liabilities					
Compensated Absences	\$ 989,076.24	\$ 828,882.67	\$ 804,373.05	\$ 1,013,585.86	\$ 158,743.36
Net Pension Liability	10,299,029.00	1,059,593.00	-	11,358,622.00	-
Net Other Postemployment Benefits Liability	14,622,901.00	2,522,302.00	2,224.00	17,142,979.00	-
<b>Total Long-Term Liabilities</b>	<b><u>\$ 25,911,006.24</u></b>	<b><u>\$ 4,410,777.67</u></b>	<b><u>\$ 806,597.05</u></b>	<b><u>\$ 29,515,186.86</u></b>	<b><u>\$ 158,743.36</u></b>

Additional information regarding the net pension liability is included in Note 11.

Additional information regarding the net other postemployment benefits liability is included in Note 12.

**Note 8 - 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:

	<u>Amount</u>
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	\$ (4,858,941.47)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>(18,671,615.37)</u>
Effect on Unrestricted Net Position	(23,530,556.84)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	<u>3,116,765.77</u>
<b>Total Unrestricted Net Position</b>	<b><u>\$ (20,413,791.07)</u></b>

See Notes 11 and 12 for detailed information regarding the amortization of the deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

**Note 9 - 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
<b>Operating Revenues:</b>				
<b>Student Tuition and Fees, Net</b>	<u>\$ 3,796,520.99</u>	<u>\$1,589,355.87</u>	<u>\$395,220.67</u>	<u>\$ 1,811,944.45</u>
<b>Sales and Services:</b>				
Sales and Services of Auxiliary Enterprises:				
Dining	\$ 208,284.72	\$ -	\$ -	\$ 208,284.72
Bookstore	1,225,506.94	438,125.65	387,363.35	400,017.94
Cosmetology	25,153.70	-	-	25,153.70
Other	1,090.00	-	-	1,090.00
<b>Total Sales and Services, Net</b>	<u>\$ 1,460,035.36</u>	<u>\$ 438,125.65</u>	<u>\$387,363.35</u>	<u>\$ 634,546.36</u>

**Note 10 - 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	Total
Instruction	\$ 11,935,921.83	\$ 2,491,651.52	\$ 7,000.00	\$ -	\$ -	\$ 14,434,573.35
Academic Support	2,307,725.25	592,523.37	-	-	-	2,900,248.62
Student Services	1,469,666.88	225,930.49	44,169.31	-	-	1,739,766.68
Institutional Support	3,511,558.97	1,610,938.57	-	-	-	5,122,497.54
Operations and Maintenance of Plant	1,405,539.76	2,264,109.99	-	734,792.21	-	4,404,441.96
Student Financial Aid	74,904.73	56,375.91	3,287,804.80	-	-	3,419,085.44
Auxiliary Enterprises	418,579.21	1,273,501.22	-	-	-	1,692,080.43
Depreciation	-	-	-	-	1,439,169.68	1,439,169.68
<b>Total Operating Expenses</b>	<u>\$ 21,123,896.63</u>	<u>\$ 8,515,031.07</u>	<u>\$ 3,338,974.11</u>	<u>\$ 734,792.21</u>	<u>\$ 1,439,169.68</u>	<u>\$ 35,151,863.70</u>

**Note 11 - 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 \$780,511.01, and the College's contributions were \$2,294,702.36 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 \$11,358,622.00 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 0.06813%, which was a decrease of 0.00126 from its proportion measured as of June 30, 2022, which was 0.06939%.

*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>
\$ 19,500,092.29	\$ 11,358,622.00	\$ 4,642,173.13

*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 \$2,795,311.00. 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	\$ 925,996.00	\$ 83,835.00
Changes of Assumptions	398,900.17	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,163,375.00	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	-	199,458.00
Contributions Subsequent to the Measurement Date	2,294,702.36	-
<b>Total</b>	<b>\$ 6,782,973.53</b>	<b>\$ 283,293.00</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	\$ 1,324,962.00
2026	729,988.00
2027	2,014,899.00
2028	135,129.17
<b>Total</b>	<b>\$ 4,204,978.17</b>

## Note 12 - 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 13. 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 \$928,808.10 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 \$22,500.00.

## 2. Disability Income

*Plan Administration:* As discussed in Note 13, 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 \$14,309.37 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 \$17,127,452.00 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 0.06427%, which was an increase of 0.00277 from its proportion measured as of June 30, 2022, which was 0.06150%.

*Disability Income Plan of North Carolina:* At June 30, 2024, the College reported a liability of \$15,527.00 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 0.05838%, which was a decrease of 0.00129 from its proportion measured as of June 30, 2022, which was 0.05967%.

*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, 2022. 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	\$ 20,203,730.82	\$ 17,127,452.00	\$ 14,619,938.43
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	\$ 18,665.25	\$ 15,527.00	\$ 12,331.02

*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:

<b>Net OPEB Liability</b>		
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      \$                      14,139,296.53	\$                      17,127,452.00	\$                      20,977,979.94

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:

<u>OPEB Plan</u>	<u>Amount</u>
RHBF	\$ (427,610.00)
DIPNC	22,988.00
<b>Total OPEB Expense</b>	<b>\$ (404,622.00)</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:

<b>Employer Balances of Deferred Outflows of Resources Related to OPEB by Classification:</b>			
	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
Differences Between Actual and Expected Experience	\$ 188,607.00	\$ 13,607.00	\$ 202,214.00
Changes of Assumptions	1,855,424.53	1,130.63	1,856,555.16
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	136,823.00	20,280.00	157,103.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	674,804.00	4,865.00	679,669.00
Contributions Subsequent to the Measurement Date	928,808.10	14,309.37	943,117.47
<b>Total</b>	<b>\$ 3,784,466.63</b>	<b>\$ 54,192.00</b>	<b>\$ 3,838,658.63</b>

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
Differences Between Actual and Expected Experience	\$ 16,781.00	\$ 8,600.00	\$ 25,381.00
Changes of Assumptions	4,569,466.00	2,650.00	4,572,116.00
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	<u>769,798.00</u>	<u>-</u>	<u>769,798.00</u>
<b>Total</b>	<u>\$ 5,356,045.00</u>	<u>\$ 11,250.00</u>	<u>\$ 5,367,295.00</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 RHBF 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:**

<u>Year Ending June 30:</u>	<u>RHBF</u>	<u>DIPNC</u>
2025	\$ (1,170,252.00)	\$ 8,956.00
2026	(1,236,134.00)	5,962.00
2027	(551,648.00)	7,982.00
2028	457,647.53	3,455.00
2029	-	1,347.00
Thereafter	-	930.63
<b>Total</b>	<u>\$ (2,500,386.47)</u>	<u>\$ 28,632.63</u>

**Note 13 - 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. Public Entity Risk Pool**

**State Public Education Property Insurance Fund**

Fire and other property losses are covered by the State Public Education Property Insurance Fund (Fund), a state-administered public entity risk pool. The Fund is financed

by premiums and interest collected through membership participation and retains a \$10,000,000 deductible per occurrence. Reinsurance is purchased by the Fund to cover catastrophic events in excess of the \$10,000,000 deductible. Membership insured property is covered under an all risk coverage contract. Each member selects the deductible that will be applicable to their losses, and this deductible ranges from \$1,000 to \$5,000. Building and contents are valued under a replacement cost basis. No coinsurance penalties apply. 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.

### **B. 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 12, 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 12, 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.

### **C. Other Risk Management and Insurance Activities**

#### **1. Automobile Insurance**

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



## 2. Public Officers' and Employees' Liability Insurance

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

## 3. Employee Dishonesty and Computer Fraud

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

The College is protected for losses from employees paid from county and institutional funds with a policy purchased from a local insurance company. Coverage consists of \$75,000 per occurrence with a \$1,000 deductible (Blanket Bond).

## 4. Statewide Workers' Compensation Program

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

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

## Note 14 - Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2024, the College implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

*GASB Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity, and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for each type of accounting change and error corrections, and requires disclosure in the notes to the financial statements of descriptive information about

accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information.

### **Note 15 - Net Position Restatement**

As of July 1, 2023, net position as previously reported was restated as follows:

	<u>Amount</u>
July 1, 2023 Net Position as Previously Reported	\$ 26,737,661.74
Restatement:	
Correct Prior Year Inventory Error	<u>421,782.43</u>
<b>July 1, 2023 Net Position as Restated</b>	<u><u>\$ 27,159,444.17</u></u>



# **Required Supplementary Information**

**Randolph 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**

<b>Teachers' and State Employees' Retirement System</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportionate Share Percentage of Collective Net Pension Liability	0.06813%	0.06939%	0.07243%	0.07443%	0.07485%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 11,358,622.00	\$ 10,299,029.00	\$ 3,391,608.00	\$ 8,992,630.00	\$ 7,759,667.00
Covered Payroll	\$ 12,031,373.51	\$ 12,122,470.44	\$ 11,493,539.48	\$ 11,394,996.72	\$ 11,089,102.52
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	94.41%	84.96%	29.51%	78.92%	69.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.97%	84.14%	94.86%	85.98%	87.56%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportionate Share Percentage of Collective Net Pension Liability	0.07757%	0.07895%	0.07697%	0.07391%	0.07444%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 7,722,938.00	\$ 6,264,241.00	\$ 7,074,338.00	\$ 2,723,730.00	\$ 872,750.00
Covered Payroll	\$ 11,022,074.69	\$ 10,838,835.12	\$ 10,384,426.89	\$ 10,218,989.03	\$ 9,799,154.38
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	70.07%	57.79%	68.12%	26.65%	8.91%
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.

**Randolph 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	\$ 2,294,702.36	\$ 2,091,052.72	\$ 1,985,660.66	\$ 1,698,745.14	\$ 1,477,931.07
Contributions in Relation to the Contractually Determined Contribution	2,294,702.36	2,091,052.72	1,985,660.66	1,698,745.14	1,477,931.07
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 13,008,516.80	\$ 12,031,373.51	\$ 12,122,470.44	\$ 11,493,539.48	\$ 11,394,996.72
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	\$ 1,362,850.70	\$ 1,188,179.65	\$ 1,081,715.75	\$ 950,175.06	\$ 935,037.49
Contributions in Relation to the Contractually Determined Contribution	1,362,850.70	1,188,179.65	1,081,715.75	950,175.06	935,037.49
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,089,102.52	\$ 11,022,074.69	\$ 10,838,835.12	\$ 10,384,426.89	\$ 10,218,989.03
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.

**Randolph 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:

Teachers' and State Employees' Retirement System	Cost of Living Increase									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	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 11 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

**Randolph 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	0.06427%	0.06150%	0.06205%	0.06398%	0.06527%
Proportionate Share of Collective Net OPEB Liability	\$ 17,127,452.00	\$ 14,605,150.00	\$ 19,184,464.00	\$ 17,748,403.00	\$ 20,652,286.00
Covered Payroll	\$ 12,031,373.51	\$ 12,122,470.44	\$ 11,493,539.48	\$ 11,394,996.72	\$ 11,089,102.52
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	142.36%	120.48%	166.92%	155.76%	186.24%
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	0.06689%	0.06572%	0.06715%		
Proportionate Share of Collective Net OPEB Liability	\$ 19,056,518.00	\$ 21,546,291.00	\$ 29,212,532.00		
Covered Payroll	\$ 11,022,074.69	\$ 10,838,835.12	\$ 10,384,426.89		
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	172.89%	198.79%	281.31%		
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	3.52%	2.41%		

**Randolph 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**

Disability Income Plan of North Carolina	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.05838%	0.05967%	0.06327%	0.06433%	0.06524%
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ 15,527.00	\$ 17,751.00	\$ (10,335.00)	\$ (31,647.00)	\$ (28,151.00)
Covered Payroll	\$ 12,031,373.51	\$ 12,122,470.44	\$ 11,493,539.48	\$ 11,394,996.72	\$ 11,089,102.52
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.13%	0.15%	0.09%	0.28%	0.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.61%	90.34%	105.18%	115.57%	113.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>		
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.06806%	0.06949%	0.06835%		
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ (20,674.00)	\$ (42,472.00)	\$ (42,445.00)		
Covered Payroll	\$ 11,022,074.69	\$ 10,838,835.12	\$ 10,384,426.89		
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.19%	0.39%	0.41%		
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.



**Randolph 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	\$ 928,808.10	\$ 828,961.63	\$ 762,503.39	\$ 767,768.44	\$ 737,256.29
Contributions in Relation to the Contractually Determined Contribution	<u>928,808.10</u>	<u>828,961.63</u>	<u>762,503.39</u>	<u>767,768.44</u>	<u>737,256.29</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 13,008,516.80	\$ 12,031,373.51	\$ 12,122,470.44	\$ 11,493,539.48	\$ 11,394,996.72
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	\$ 695,286.73	\$ 666,835.52	\$ 629,736.32	\$ 581,527.90	\$ 561,022.50
Contributions in Relation to the Contractually Determined Contribution	<u>695,286.73</u>	<u>666,835.52</u>	<u>629,736.32</u>	<u>581,527.90</u>	<u>561,022.50</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,089,102.52	\$ 11,022,074.69	\$ 10,838,835.12	\$ 10,384,426.89	\$ 10,218,989.03
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	5.60%	5.49%

**Randolph 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	\$ 14,309.37	\$ 12,031.37	\$ 10,910.22	\$ 10,344.19	\$ 11,395.00
Contributions in Relation to the Contractually Determined Contribution	<u>14,309.37</u>	<u>12,031.37</u>	<u>10,910.22</u>	<u>10,344.19</u>	<u>11,395.00</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 13,008,516.80	\$ 12,031,373.51	\$ 12,122,470.44	\$ 11,493,539.48	\$ 11,394,996.72
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.09%	0.09%	0.10%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 15,524.74	\$ 15,430.91	\$ 41,187.57	\$ 42,576.15	\$ 41,897.86
Contributions in Relation to the Contractually Determined Contribution	<u>15,524.74</u>	<u>15,430.91</u>	<u>41,187.57</u>	<u>42,576.15</u>	<u>41,897.86</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,089,102.52	\$ 11,022,074.69	\$ 10,838,835.12	\$ 10,384,426.89	\$ 10,218,989.03
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.

**Randolph 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**

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*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 12 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*

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Board of Trustees  
Randolph Community College  
Asheboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Randolph 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 22, 2025. Our report includes a reference to other auditors who audited the financial statements of Randolph Community College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of Randolph Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Randolph Community College Foundation, Inc.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

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



Dave Boliek  
State Auditor

Raleigh, North Carolina

April 22, 2025

# ORDERING INFORMATION

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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**



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This audit required 414 hours at an approximate cost of \$64,170.