Financial Statements

WINTERVILLE, NORTH CAROLINA

2021 - 2022

PITT COMMUNITY COLLEGE

WINTERVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

STATE BOARD OF COMMUNITY COLLEGES

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

THOMAS STITH III, PRESIDENT

BOARD OF TRUSTEES

MR. GARY EVANS, CHAIR

ADMINISTRATIVE OFFICERS

DR. LAWRENCE L. ROUSE, PRESIDENT

MR. RICKY D. BROWN, VICE PRESIDENT OF FINANCE AND CHIEF FINANCIAL OFFICER

TABLE OF CONTENTS

PAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS.....1

BASIC FINANCIAL STATEMENTS

COLLEGE EXHIBITS

A-1 STATEMENT OF NET POSITION 8

A-2 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 10

A-3 STATEMENT OF CASH FLOWS.....11

COMPONENT UNIT EXHIBITS

B-1 STATEMENT OF FINANCIAL POSITION 13

B-2 STATEMENT OF ACTIVITIES.....14

NOTES TO THE FINANCIAL STATEMENTS 15

REQUIRED SUPPLEMENTARY INFORMATION

C-1 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(COST-SHARING, MULTIPLE-EMPLOYER, DEFINED BENEFIT PENSION PLAN) 47

C-2 SCHEDULE OF COLLEGE CONTRIBUTIONS
(COST-SHARING, MULTIPLE-EMPLOYER, DEFINED BENEFIT PENSION PLAN)>.....48

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(COST-SHARING, MULTIPLE-EMPLOYER, DEFINED BENEFIT PENSION PLAN) 49

C-3 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY OR ASSET
(COST-SHARING, MULTIPLE-EMPLOYER, DEFINED BENEFIT OPEB PLANS) 50

C-4 SCHEDULE OF COLLEGE CONTRIBUTIONS
(COST-CHARING, MULTIPLE-EMPLOYER, DEFINED BENEFIT OPEB PLANS) 52

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(COST-SHARING, MULTIPLE-EMPLOYER, DEFINED BENEFIT OPEB PLANS) 53

This section of Pitt Community College's (College) Annual Financial Report provides an overview of the financial activities for the fiscal year ended June 30, 2022, with comparative data for the fiscal year ended June 30, 2021. Information contained herein has been prepared for the purpose of identifying significant transactions, trends, and events that have impacted the fiscal health of the College and that may continue to exert influence in future years. The College's financial statements also include financial statements from the discretely presented component unit, Pitt Community College Foundation, Inc. (Foundation); however, the Foundation is not included in Management's Discussion and Analysis. More information describing the relationship between the College and Foundation can be found in Note 1A. It is recommended that this discussion and analysis be read in conjunction with the College's basic financial statements and the notes to the financial statements.

The Financial Statements

This annual report consists of financial statements which are prepared in accordance with the Governmental Accounting Standards Board (GASB). They are prepared under the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when an obligation has been incurred, regardless of when cash is exchanged. The financial statements presented include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately, as well as deferred inflows and outflows of resources. The difference between total assets and deferred outflows less total liabilities and deferred inflows is net position and may provide a useful indicator of whether the financial position of the College is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the net position changed during the fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows provides information regarding the College's cash receipts and cash payments during the reported period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. The statement reconciles the beginning cash on hand as of July 1, 2021, to the ending cash on hand as of June 30, 2022.

Management's Discussion and Analysis will concentrate on the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, using condensed versions for the purposes of this discussion.

For the fiscal year ended June 30, 2022 the Colleges financial position remains stable and continues to strengthen. Total net position increased $15.6 million which reflects the financial strength of the College, and the College remains poised to meet the financial demands created by an unstable enrollment due to the lingering effects of COVID-19.

Financial Highlights

Since the declaration of a national state of emergency regarding COVID-19 in March of 2020, the staff, faculty, and students of Pitt Community College certainly have experienced a unique learning environment these past two years. As of result of these orders, the college restricted access to all of its campuses to faculty, staff, students, and the general public for the entirety

of the fiscal year 2020 – 2021, with operations returning to the 'new normal' in the fall 2021 semester. During this period, the college reduced its traditional face-to-face courses, with an increase in online and hybrid instruction.

The college continues to receive significant funding from the Department of Education relating to the Higher Education Emergency Relief Funds (HEERF). Through June 30, 2022, the college has been authorized awards of $36.6M for HEERF funds and has expended approximately $28M. The award ending date for these funds were extended this year to June 30, 2023. HEERF revenue for this year increased by $7,348,535 over the prior year.

State funds for community colleges in North Carolina are appropriated by the N.C. General Assembly and distributions are made to colleges by the North Carolina State Board of Community Colleges based on full-time equivalencies (FTE) earned in the prior academic year.

Statewide, total budget FTE for the 58 community colleges decreased from 241,074 to 223,644, a 7.2% decrease for the 2021-2022 fiscal year. Pitt Community College's FTE decreased 6.4%, from 8,239 to 7,713. The College ranks 6th in initial state allocations out of the 58 community colleges.

Statement of Net Position

The Statement of Net Position presents the financial position of the College at June 30, 2022, defined by the balances of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Assets are classified as current or noncurrent and cash is further identified as unrestricted or restricted. Current assets include those resources available to meet current obligations and operating requirements while noncurrent assets are to be held to meet future needs. Capital assets are shown net of depreciation. Net position is grouped into three categories: investment in capital assets, restricted net position, and unrestricted net position. Restricted net position is classified as expendable and is made up primarily of contracts, grants, and gifts.

Condensed Statement of Net Position

	2022	2021	Increase (Decrease)
Assets			
Current Assets	$ 15,405,402	$ 15,161,731	$ 243,671
Capital Assets, Net of Depreciation	104,510,714	96,311,858	8,198,856
Other Noncurrent Assets	396,022	288,818	107,204
Total Assets	120,312,138	111,762,407	8,549,731
Deferred Outflows of Resources	16,285,122	13,936,140	2,348,982
Liabilities			
Current Liabilities	3,804,105	2,335,256	1,468,849
Noncurrent Long-Term Liabilities	59,465,399	67,638,843	(8,173,444)
Total Liabilities	63,269,503	69,974,098	(6,704,595)
Deferred Inflows of Resources	29,885,430	27,903,486	1,981,944
Net Position			
Net Investment in Capital Assets	104,161,211	96,265,065	7,896,146
Restricted	1,408,055	1,971,233	(563,178)
Unrestricted	(62,126,939)	(70,415,335)	8,288,396
Total Net Position	$ 43,442,327	$ 27,820,963	$ 15,621,363

- Total assets increased by $8,549,731 which was largely due to the increase in the capital assets, net of depreciation by $8,198,856. This increase was due to the ongoing construction in progress of $6,899,697 related to the Student Advancement Center and new capital equipment purchases for the year of $3,116,327. These capital asset increases were offset by our accumulated depreciation of $2,249,984 and net disposals of $22,055. New for this fiscal year was the implementation of GASB 87, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Right to use lease assets were recorded at $815,091 and right to use lease assets accumulated depreciation were recorded at $480,905 for this fiscal year.

- The increase of $2,348,982 of deferred outflows of resources, the decrease of noncurrent liabilities of $8,173,444 and the increase of $1,981,944 of deferred inflows of resources all resulted from current year changes in the actuarial assumptions related to the pension plan and other postemployment benefits plan (OPEB) that are administered by the state of North Carolina. See notes 12 and 13 of the financial statements for more details.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the activity of the College during the year and is subdivided into four major components: operating revenues, operating expenses, nonoperating revenues, and other revenues. Revenues are reported by natural classification. Intradepartmental sales, services, and transfers are eliminated and depreciation of capital assets is recorded.

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

	2022	2021	Increase (Decrease)
Operating Revenues			
Student Tuition and Fees, Net	$ 6,724,805	$ 6,540,665	$ 184,140
Sales and Services, Net	1,921,020	1,670,811	250,209
Other Operating Revenues	194,712	214,434	(19,722)
Total Operating Revenues	8,840,537	8,425,910	414,627
Less Operating Expenses	77,637,991	74,090,771	3,547,220
Operating Loss	(68,797,454)	(65,664,860)	(3,132,594)
Nonoperating and Other Revenues			
State Aid	36,920,928	33,159,639	3,761,289
State Aid - Coronavirus		2,289,707	(2,289,707)
County Appropriations	6,253,326	6,168,911	84,415
Student Financial Aid	13,198,655	14,248,191	(1,049,536)
Federal Aid - COVID-19	16,398,387	9,049,853	7,348,535
Noncapital Contributions	5,096,918	4,767,298	329,620
Other Nonoperating Revenues, Net	47,937	51,700	(3,763)
Capital Aid	6,502,667	3,534,111	2,968,555
Total Nonoperating and Other Revenues	84,418,818	73,269,410	11,149,408
Change in Net Position	15,621,364	7,604,549	8,016,814
Net Position - July 1, 2020	27,820,963	20,216,414	7,604,549
Net Position - June 30, 2021	$ 43,442,327	$ 27,820,963	$ 15,621,364

Fiscal year 2021-2022 total revenues are $93,259,355 and total expenses are $77,637,991

Fiscal year 2020-2021 total revenues are $81,695,320 and total expenses are $74,090,771

Operating and Nonoperating Revenues

- Total operating revenues went up by $414,627, with nominal changes to student tuition and fees and sales and services, net.
- Operating expenses increased by $3,547,220, which variances are explained below in operating expenses.
- State aid increased by $3,761,289. The college transferred fewer operating funds to capital aid for equipment this year in the amount of $2,304,240.05, allowing for more expenditures on salaries, in addition to the salary increases relating to the 2.5% legislative increase, performance funding bonuses, and increased retirement and medical expenses.
- State aid – coronavirus decreased in the amount of $2,289,707 this year since the college did not receive any of these funds this year. This was funding the college received in the prior year directly by the State from the Coronavirus Relief Fund (CRF), and appropriated by the State to the College. The College received eight separate grants that helped fund personal protective equipment, online testing, virtual student tutoring, small business counseling, advising, student laptops, and additional equipment needed due to COVID-19 space requirements and social distancing policies.

- Student financial aid decreases by $1,049,536, largely due to a decrease in federal Pell funds of $1,451,590. This was due to the reduced enrollment this past year because of the pandemic.
- Federal aid – COVID-19 increased by $7,348,535. This was largely a result of increased revenue of $12,312,232.94 from the American Rescue Plan (ARP), and decreased revenue in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amounts of $2,958,873.88 and $2,040,038.64 respectively.
- Capital aid increased by $2,968,555 mainly due to the increase related to the Student Advancement Center building of $4,335,207.03 and a decrease in state and federal equipment revenue of $2,304,240.05.

Operating Expenses

The College presents operating expenses by natural classification in the Statement of Revenues, Expenses, and Changes in Net Position. Salaries and benefits accounted for 53.8% of operating expenses, followed by scholarships at 24.1%, supplies and services at 17.7%, depreciation at 2.9%, and utilities at 1.6%.

	2022	2021	Increase (Decrease)
Salaries and Benefits	$ 41,758,130	$ 43,952,180	$ (2,194,050)
Supplies and Services	13,716,991	14,361,161	(644,170)
Scholarships	18,676,230	12,670,062	6,006,168
Utilities	1,236,656	1,072,054	164,601
Depreciation	2,249,984	2,035,314	214,670
Total Operating Expenses	$ 77,637,991	$ 74,090,771	$ 3,547,220

Salaries and benefits decreased by $2,194,050. This was largely a result of pension and other postemployment benefit expenses decreasing by $5,183,681 and salaries and benefits increasing due to the 2.5% salary increase, performance funding bonuses, and increases in the retirement and medical fringe benefits.

Scholarships increased by $6,006,168. This was largely due to a combination of the federal Pell grant expense decreasing by $1,451,590 for the current year, and the HEERF scholarships increasing by $6,122,818.02.

Capital Assets

	2022 (as restated)	2021	Increase (Decrease)
Land	$ 6,384,445	$ 6,384,445	$ 0
Construction in Progress	8,043,829	1,144,132	6,899,697
Buildings	94,527,513	94,527,513	0
Machinery and Equipment	20,658,105	17,586,408	3,071,697
General Infrastructure	3,484,062	3,484,062	0
Right to Use - Building	560,121	0	560,121
Right to Use - Equipment	254,970	0	254,970
Total Capital Assets	133,913,045	123,126,560	10,786,485
Less: Accumulated Depreciation			
Buildings, Equip, Gen Infrastr	28,921,426	26,814,701	2,106,725
Right to Use - Building, Equp	480,905	0	480,905
Total Accum. Depreciation	29,402,331	26,814,701	2,587,630
Total Capital Assets, Net	$ 104,510,714	$ 96,311,858	$ 8,198,855

The increase in construction in progress of $6,899,697 was specifically related to the ongoing expense for the Student Advancement Center building. The increase of machinery and equipment of $3,071,697 was a net result of $3,116,327.01 of new purchases for the year, offset with a decrease of $22,054.62 for equipment and machinery being disposed of during the year.

New for this fiscal year was the implementation of GASB 87, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Right to use lease assets were recorded at $815,091 and right to use lease assets accumulated depreciation were recorded at $480,905 for this fiscal year.

Economic Outlook and Effects on Financial Positions

The college continues to adjust its operations and teaching delivery methods from the outcomes and ongoing concerns of the COVID-19 pandemic. With a national declaration of emergency back in the March 2020 due to the COVID-19 pandemic, the college operated under a restricted campus until August 16, 2021. Beginning fall term 2021, all faculty and staff returned to campus for their 'normal' work schedules, with remote work still being allowed for some employees. Students also returned to the classroom here on campus, even though the college continues to offer a variety of remote learning opportunities. These courses include blended courses (at least 50% on campus), hybrid courses (less than 50% on campus), synchronous courses (virtual classrooms that meet at a specific time), and internet only courses (100% online with no specific meeting time).

Enrollment for the upcoming academic year is certainly a concern, since we had an overall 5.5% drop in curriculum FTE last year. These enrollment declines for the past two years are certainly related to all aspects of the COVID-19 pandemic.

Actual Curriculum FTE

	2021-22	2020-21	2019-20	2018-19	2017-18
Summer	902	1,014	906	857	762
Fall	2,792	2,942	3,243	3,119	3,176
Spring	2,486	2,586	3,042	2,936	2,972
	6,180	6,542	7,191	6,912	6,910

Since state budget appropriations are based on the prior year FTE, the decline in the 2020-21 FTE resulted in a decrease in the 2021-22 budget. As a result of this decline, the college was allotted $2,543,246 in federal funds referred to as Budget Stabilization funds to help offset this budget decrease. These funds are available for expenditure through December 2024.

The 2021-22 FTE of 6180 is a decline of 5.7% from the prior year FTE of 6,542. This decline in FTE also resulted in a loss of state budget appropriations for the 2022-23 fiscal year. The college's initial 2022-2023 state budget appropriations is $47,467,473, a decline of $595,247 from the prior year (excluding the budget stabilization funds).

This net decline of $595,247 is a combination of budget loss from the decline in FTE in the amount of $2,920,672, and increases to the state budget due to salary increases. These increases include a 3.5% salary legislative increase, a 1.0% increase in funds for labor market adjustments, and increase to the retirement and medical fringe benefit amounts.

The college will also have the ability to draw loss of revenue funds from its allotment of the Higher Education Emergency Relief funds (HEERF) regarding the state budget loss of revenue for the fiscal year 2021-22.

FINANCIAL STATEMENTS

Pitt Community College
Statement of Net Position
June 30, 2022

Exhibit A-1
Page 1 of 2

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	11,674,520.30
Restricted Cash and Cash Equivalents		1,569,396.55
Receivables, Net (Note 4)		1,260,537.02
Inventories		900,948.28
Total Current Assets		15,405,402.15
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		369,830.25
Net Other Postemployment Benefits Asset		26,192.00
Capital Assets - Nondepreciable (Note 5)		14,428,274.17
Capital Assets - Depreciable, Net (Note 5)		90,082,439.69
Total Noncurrent Assets		104,906,736.11
Total Assets		120,312,138.26
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		8,744,478.89
Deferred Outflows Related to Other Postemployment Benefits (Note 13)		7,540,643.00
Total Deferred Outflows of Resources		16,285,121.89
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)		2,559,848.17
Unearned Revenue		900,261.58
Long-Term Liabilities - Current Portion (Note 7)		343,995.04
Total Current Liabilities		3,804,104.79
Noncurrent Liabilities:		
Long-Term Liabilities (Note 7)		59,465,398.55
Total Liabilities		63,269,503.34
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions		11,442,259.00
Deferred Inflows Related to Other Postemployment Benefits (Note 13)		18,443,171.00
Total Deferred Inflows of Resources		29,885,430.00

NET POSITION	
Net Investment in Capital Assets	104,161,210.86
Restricted:	
Expendable:	
Student Financial Aid	52,415.06
Restricted for Specific Programs	1,341,083.76
Other	14,555.82
Unrestricted	(62,126,938.69)
Total Net Position	$ 43,442,326.81

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

Pitt Community College
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

Exhibit A-2

OPERATING REVENUES		
Student Tuition and Fees, Net (Note 10)	$	6,724,805.09
Sales and Services, Net (Note 10)		1,921,020.24
Other Operating Revenues		194,711.61
Total Operating Revenues		8,840,536.94
OPERATING EXPENSES		
Salaries and Benefits		41,758,130.09
Supplies and Services		13,716,991.44
Scholarships and Fellowships		18,676,229.86
Utilities		1,236,655.55
Depreciation		2,249,984.09
Total Operating Expenses		77,637,991.03
Operating Loss		(68,797,454.09)
NONOPERATING REVENUES		
State Aid		36,920,928.16
County Appropriations		6,253,326.00
Student Financial Aid		13,198,654.90
Federal Aid - COVID-19		16,398,387.36
Noncapital Contributions		5,096,917.59
Investment Income		25,780.19
Other Nonoperating Revenues		22,156.93
Total Nonoperating Revenues		77,916,151.13
Income Before Other Revenues		9,118,697.04
State Capital Aid		5,953,241.28
County Capital Aid		100,000.00
Capital Grants		449,425.51
Increase in Net Position		15,621,363.83
NET POSITION		
Net Position, July 1, 2021		27,820,962.98
Net Position, June 30, 2022	$	43,442,326.81

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

Pitt Community College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 9,025,643.83
Payments to Employees and Fringe Benefits	(50,148,366.78)
Payments to Vendors and Suppliers	(13,580,046.95)
Payments for Scholarships and Fellowships	(18,609,050.80)
William D. Ford Direct Lending Receipts	5,723,045.00
William D. Ford Direct Lending Disbursements	(5,723,045.00)
Other Receipts	87,251.55
Net cash used by Operating Activities	(73,224,569.15)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid	36,920,928.16
County Appropriations	6,253,326.00
Student Financial Aid	13,198,654.90
Federal Aid - COVID-19	16,398,387.36
Noncapital Contributions	4,836,191.71
Net Cash Provided by Noncapital Financing Activities	77,607,488.13
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
State Capital Aid	5,962,153.70
County Capital Aid	100,000.00
Capital Contributions	449,425.51
Acquisition and Construction of Capital Assets	(10,059,064.23)
Principal paid on capital debt and leases	(105,367.00)
Net Cash Provided by Capital Financing and Related Financing Activities	(3,652,852.02)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	25,780.19
Cash Provided by Investing Activities	25,780.19
Net Increase in Cash and Cash Equivalents	755,847.15
Cash and Cash Equivalents, July 1, 2021	12,857,899.95
Cash and Cash Equivalents, June 30, 2022	$ 13,613,747.10

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(68,797,454.09)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		2,249,984.09
Other Nonoperating Income		87,251.55
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		232,573.66
Inventories		77,319.68
Net Other Postemployment Benefits Asset		52,105.00
Deferred Outflows related to Pensions		74,445.00
Deferred Outflows related to Other Postemployment Benefits		(2,423,427.00)
Changes in Liabilities and Deffered Inflows of Resources:		
Accounts Payable and Accrued Liabilities		1,293,322.36
Unearned Revenue		19,712.29
Net Other Postemployment Benefits Liability		5,734,424.00
Net Pension Liability		(13,714,411.00)
Compensated Absences		(92,358.69)
Deferred Inflows Related to Pensions		(8,448,825.00)
Deferred Inflows Related to Other Postemployment Benefits		10,430,769.00
Net Cash Used by Operating Activities	$	(73,224,569.15)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets acquired through assemption of a liability	43,040.00
Loss on Disposal of Capital Assets	(65,094.62)
Decrease in net OPEB liability due to noncapital contributions	(294,787.00)

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

Pitt Community College Foundation, Inc.
Statement of Financial Position
June 30, 2022

Exhibit B-1

ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash With State Treasurer	$	148,043.45
Cash in Private Institutions		1,000.00
Restricted Cash with State Treasurer		5,871,347.68
Accounts Receivable		338.42
Pledge Receivable, Current		329,933.33
Total Current Assets		6,350,662.88
Investments		
Cash and Cash Equivalents		1,385,082.23
Long-Term Investments		2,195,072.48
Total Investments		3,580,154.71
Property and Equipment		
Equipment		9,957.40
Software		4,360.00
Less: Accumulated Depreciation		(14,317.40)
Net Property and Equipment		0.00
Other Assets		
Net Pledges Receivable, Noncurrent		1,050,731.97
Total Assets	$	10,981,549.56
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$	13,108.19
Accrued Wages and Benefits		18,994.79
Unearned Revenue		1,004.30
Total Liabilities		33,107.28
Net Assets		
Without Donor Restrictions		150,305.51
With Donor Restrictions		
Perpetual in Nature		4,682,491.76
Purpose Restrictions		6,115,645.01
Total With Donor Restrictions		10,798,136.77
Total Net Assets		10,948,442.28
Total Liabilities and Net Assets	$	10,981,549.56

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

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

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Support:			
Contributions	$ 53,318.74	$ 2,192,897.03	$ 2,246,215.77
Contributions - In Kind		60,135.96	60,135.96
Discount on Pledges Receivables	(5.06)	(9,596.31)	(9,601.37)
Revenue:			
Income Earned on Investments	429.21	225,446.88	225,876.09
Fund Raising Income	243,725.15	0.00	243,725.15
Net Assets Released from Restrictions	530,322.15	(530,322.15)	0.00
Total Support and Revenue	827,790.19	1,938,561.41	2,766,351.60
EXPENSES			
Contributions to Pitt Community College for:			
Scholarships and Minigrants	235,074.77		235,074.77
General Support for PCC Programs	45,767.86		45,767.86
Program Services	260,338.35		260,338.35
General Expenses	94,829.84		94,829.84
Fundraising Expenses	83,687.87		83,687.87
TOTAL EXPENSES	719,698.69	0.00	719,698.69
Unrealized Gain/Loss on Investment	0.00	(875,225.15)	(875,225.15)
Reclassification	(183,231.33)	183,231.33	0.00
Change in Net Assets	(75,139.83)	1,246,567.59	1,171,427.76
Net Assets at Beginning of the Year	225,445.34	9,551,569.18	9,777,014.52
Net Assets at End of Year	$ 150,305.51	$ 10,798,136.77	$ 10,948,442.28

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. Pitt Community 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 - Pitt 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 32 members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

The Foundation 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, 2022, the Foundation distributed $280,842.63 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Ricky D. Brown, Vice President of Finance and Chief Financial Officer, Pitt Community College, or the Business Office of the Pitt Community College Foundation, Inc.

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 first-in, first-out method. Merchandise for resale is valued at the lower of cost or market using the retail inventory method.

G. Capital Assets - Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. The value of assets constructed includes all material direct and indirect construction costs.

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

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

Asset Class	Estimated Useful Life
Buildings	25-100 years
Machinery and Equipment	5-30 years
General Infrastructure	35-75 years

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

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 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 leases payable, compensated absences, net pension liability, and net other postemployment benefit (OPEB) liability that will not be paid within the next fiscal year.

The net pension liability represents the College's proportionate share of the collective net pension liability reported in the State of North Carolina's

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

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

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 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 July 1 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, represents 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, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

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

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

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

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

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

N. Scholarship Discounts - Student tuition and fees revenues 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 student tuition and fees and sales and services of auxiliary enterprises. 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 the bookstore and copy center. In addition, the College has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. 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 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 $4,430.00, and deposits in private financial institutions with a carrying value of $560,000 and a bank balance of $1,999,766.28.

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

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

under the pooling method.

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

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

At June 30, 2022, the amount shown on the Statement of Net Position as cash and cash equivalents includes $13,049,317.10, 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 0.9 years as of June 30, 2022. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

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

At June 30, 2022	Amount
Cash and Cash Equivalents	$ 156,885.07
Equity Funds	2,195,072.48
Fixed Income	1,228,197.16
Total Investments	$ 3,580,154.71

NOTE 3 - Fair Value Measurements

College - To the extent available, the College's investments are recorded at fair value as of June 30, 2022. 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 $13,049,317.10 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 – Pitt Community College Foundation, Inc. records its financial instruments in accordance with the fair value guidance as established by the Financial Accounting Standard Board ("FASB"). In accordance with this guidance, fair value is defined as the price the Foundation would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Foundation's investments and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include fixed income mutual funds, equity mutual funds and money market funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

Level 2 — Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 — Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

A professional investment advisor manages investments with periodic review by the Foundation's Board of Directors and the Finance and Investment Committee. The organization's governance does not believe the investments selected pose unusual market or credit risks. The Foundation maintains a written investment policy to ensure proper oversight.

At year-end, Pitt Community College Foundation, Inc. has an investment in the STIF valued at $6,019,391.13 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.

All other investments of the Foundation are Level 1 investments. The fair value of investments at June 30, 2022 was comprised of the following:

	Fair Value
Cash and Cash Equivalents	$ 156,885.07
Equity Funds	2,195,072.48
Fixed Income	1,228,197.16
Total Investments	$ 3,580,154.71

NOTE 4 - RECEIVABLES

Receivables at June 30, 2022, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$1,101,372.09	$ 234,102.71	$ 867,269.38
Student Sponsors	53,942.15	-	53,942.15
Accounts	238,921.46	-	238,921.46
Intergovernmental	100,404.03	-	100,404.03
Total Current Receivables	$1,494,639.73	$ 234,102.71	$1,260,537.02

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2021 (as Restated)	Increases	Decreases	Balance June 30, 2022
Capital Assets, Nondepreciable:				
Land	$ 6,384,444.75	$ 0.00	$ 0.00	$ 6,384,444.75
Construction in Progress	1,144,132.20	6,899,697.22		8,043,829.42
Total Capital Assets, Nondepreciable	7,528,576.95	6,899,697.22	0.00	14,428,274.17
Capital Assets, Depreciable:				
Buildings	94,527,512.55			94,527,512.55
Machinery and Equipment	17,586,407.93	3,116,327.01	44,629.96	20,658,104.98
General Infrastructure	3,484,062.24			3,484,062.24
Right-to-Use Leased Buildings	560,121.00			560,121.00
Right-to-Use Leased Machinery and Equipment	211,930.00	43,040.00		254,970.00
Total Capital Assets, Depreciable	116,370,033.72	3,159,367.01	44,629.96	119,484,770.77
Less Accumulated Depreciation for:				
Buildings	20,727,642.10	1,361,952.60		22,089,594.70
Machinery and Equipment	5,215,072.95	720,726.29	22,575.34	5,913,223.90
General Infrastructure	871,986.28	46,621.20		918,607.48
Right-to-Use Leased Buildings	299,335.00	73,850.00		373,185.00
Right-to-Use Leased Machinery and Equipment	60,886.00	46,834.00		107,720.00
Total Accumulated Depreciation	27,174,922.33	2,249,984.09	22,575.34	29,402,331.08
Total Capital Assets, Depreciable, Net	89,195,111.39	909,382.92	22,054.62	90,082,439.69
Capital Assets, Net	$ 96,723,688.34	$ 7,809,080.14	$ 22,054.62	$ 104,510,713.86

At year-end, the total amount of leased assets was $815,091 and the related accumulated amortization was $480,905.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Amount
Current Acounts Payable and Accrued Liablitities:	
Accounts Payable	$ 522,328.56
Accounts Payable - Capital Assets	1,148,262.05
Accrued Payroll	889,257.56
Total Current Accounts Payable and Accrued Liabilities	$ 2,559,848.17

NOTE 7 - LONG-TERM LIABILITIES

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

	Balance July 1, 2021 (as Restated)	Additions	Reductions	Balance June 30, 2022	Current Portion
Other Long-Term Liabilities					
Leases Payable	411,830.00	43,040.00	105,367.00	349,503.00	-
Compensated Absences	2,188,147.28	1,740,212.99	1,832,571.68	2,095,788.59	343,995.04
Net Pension Liability	22,344,445.00	-	13,714,411.00	8,630,034.00	-
Net Other Postemployment Benefit Liability	43,294,431.00	5,439,637.00	-	48,734,068.00	-
Total Long-Term Liabilities	$ 68,238,853.28	$ 7,222,889.99	$ 15,652,349.68	$ 59,809,393.59	$ 343,995.04

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

Note 8 - LEASES

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

Classification:	Number of Lease Contracts	Lease Receivable (Liability) June 30, 2022	Current Portion	Lease Terms (1)	Interest Rate Ranges
Lessee:					
Right-to-Use Buildings	3	197,790.00	-	3-8 years	3.50%
Right-to-Use Machinery and Equipment	6	151,713.00	-	4-5 years	3.25-4.96%
Total	9	$ 349,503.00	$ -		

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

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

The College had commitments under leases before the lease term as follows:

An eight-year lease agreement for the right to use Farmville Center Building beginning September 01, 2015 with total payments over the period of $205,991.

A three-year lease agreement for the right to use Flowers Building beginning April 01, 2021 with total payments over the period of $49,500.

A five-year lease agreement for the right to use Hair Styling Academy Building beginning July 01, 2019 with total payments over the period of $362,520.

A five-year lease agreement for the right to use Postage Meter beginning January 01, 2022 with total payments over the period of $46,842.

A five-year lease agreement for the right to use Copiers beginning September 01, 2020 with total payments over the period of $122,700.

A four-year lease agreement for the right to use Dodge Caravan #1 beginning January 07, 2020 with total payments over the period of $30,333.

A four-year lease agreement for the right to use Dodge Caravan #2 beginning January 07, 2020 with total payments over the period of $30,333.

A four-year lease agreement for the right to use Dodge Journey #1 beginning January 07, 2020 with total payments over the period of $23,582.

A four-year lease agreement for the right to use Dodge Journey #2 beginning January 07, 2020 with total payments over the period of $23,582.

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

Fiscal Year	Principal	Interest	Total
2023	$ 165,920.00	$ 9,697.00	$ 175,617.00
2024	132,485.00	4,073.00	136,558.00
2025	32,665.00	1,243.00	33,908.00
2026	13,107.00	351.00	13,458.00
2027	4,637.00	48.00	4,685.00
Total	$ 348,814.00	$ 15,412.00	$ 364,226.00

NOTE 9 - NET POSITION

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

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred inflows of Resources	$ (11,327,814.11)
Net OPED Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(59,745,906.00)
Effect on Unrestricted Net Position	(71,073,720.11)
Total Unrestricted net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	8,946,781.42
Total Unrestricted Net Position	$ (62,126,938.69)

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

NOTE 10 - REVENUES

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

	Gross Revenues	Less Scholarship Discounts	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:				
Student Tuition and Fees, Net	$ 12,617,224.31	$ 5,865,744.70	$ 26,674.52	$ 6,724,805.09
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Bookstore	$ 3,236,559.17	$ 1,643,898.60	$ 8,467.52	$ 1,584,193.05
Athletics	17,310.00			17,310.00
Other	14,540.20			14,540.20
Sales and Services of Education and Related Activities	304,976.99			304,976.99
Total Sales and Services, Net	$ 3,573,386.36	$ 1,643,898.60	$ 8,467.52	$ 1,921,020.24

NOTE 11 - OPERATING EXPENSES BY FUNCTION

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

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation	Total
Instruction	$ 23,824,991.07	$ 2,971,986.01	$	$ 0.00	$ 0.00	$ 26,796,977.08
Academic Support	6,703,856.23	3,010,884.82				9,714,741.05
Student Services	4,199,011.91	642,370.08				4,841,381.99
Institutional Support	5,084,778.09	1,767,464.02		2,729.75		6,854,971.86
Operations and Maintenance of Plant	1,554,401.73	2,126,340.36		1,233,925.80		4,914,667.89
Student Financial Aid	0.00	15,960.00	18,676,229.86			18,692,189.86
Auxiliary Enterprises	391,091.06	3,181,986.15				3,573,077.21
Depreciation					2,249,984.09	2,249,984.09
Total Operating Expenses	$ 41,758,130.09	$ 13,716,991.44	$ 18,676,229.86	$ 1,236,655.55	$ 2,249,984.09	$ 77,637,991.03

Included in the scholarship and fellowship function are student financial aid operating expenses for emergency financial aid payments to eligible students. These payments are for expenses related to the disruption of campus operations due to the coronavirus of $10,792,018.02 provided by the Higher Education Emergency Relief Fund (HEERF). Because of the administrative involvement by the College in providing the student awards, the related program activity is reported as nonoperating federal Aid – COVID-19 revenue and student financial aid operating expenses. Since the purpose of the student aid is not for educational or scholarship purposes, they do not affect the scholarship discounting adjustments reported in Note 10.

NOTE 12 - PENSION PLANS

Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools

not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges and certain proprietary component units along with the LEAs and charter schools that elect to join the Retirement System. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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 with an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The College's contractually-required contribution rate for the year ended June 30, 2022 was 16.38% of covered payroll. Plan members' contributions to the pension plan were $1,836,434.53, and the College's contributions were $5,022,155.62 for the year ended June 30, 2022.

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

TSERS Basis of Accounting: The financial statements of the TSERS plan are prepared using the accrual basis of accounting. Plan member contributions are

recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the TSERS plan, and additions to/deductions from the TSERS plan's fiduciary net position have been determined on the same basis as they are reported by TSERS.

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

Net Pension Liability: At June 30, 2022, the College reported a liability of $8,630,034 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. The College's proportion of the net pension liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the College's proportion was .18430%, which was a decrease of .00064 from its proportion measured as of June 30, 2020, which was .18494%.

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

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

* Salary increases include 3.25% inflation and productivity factor.

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

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

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

Future ad hoc Cost of Living Adjustment (COLA) amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (the measurement date) are summarized in the following table:

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

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

Discount Rate: The discount rate used to measure the total pension liability was calculated at 6.50% for the December 31, 2020 valuation. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net petition payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2021, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

Net Pension Liability (Asset)

1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 28,948,384.34	$ 8,630,033.64	$ (8,259,609.07)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2022, the College recognized pension expense of $1,810,010. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 485,105.00	$ 195,998.00
Changes of Assumptions	3,237,218.00	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	10,692,719.00
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	-	553,542.00
Contributions Subsequent to the Measurement Date	5,022,156.00	-
Total	$ 8,744,479.00	$ 11,442,259.00

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

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

Year ending June 30:	Amount
2023	$ (1,441,668.00)
2024	(1,453,827.00)
2025	(1,545,026.00)
2026	(3,279,415.00)
Total	$ (7,719,936.00)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

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

A. Summary of Significant Account Policies and Plan Asset

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

Methods Used to Value Plan Investments: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan of North Carolina is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee

benefit trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2021 *Annual Comprehensive Financial Report.*

B. Plan Descriptions

1. Health Benefits

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

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

By statute, RHBF is administered by the Board of Trustees of the Teacher's and State Employees' Retirement System (TSERS). RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the Plan. The State Treasurer, with the approval of the Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the Plan.

Benefits Provided: Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 14. The plan options change when former employees become eligible for Medicare. The benefits provided include medical and pharmacy coverage for employees and their dependents. Non-Medicare eligible members have two self-funded options administered by the State Health Plan while Medicare members have three options, including one self-funded option and two fully-insured Medicare Advantage/Prescription Drug Plan options. Self-funded medical and pharmacy claims costs are shared between the covered member and the State Health Plan. If the self-

funded plan is elected by a Medicare eligible member, the coverage is secondary to Medicare. Fully-insured claims include cost sharing from covered members with the remaining balance paid by the fully-insured carrier.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System, the Legislative Retirement System, the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with five but less than 10 years of retirement service credit are eligible for coverage on a fully contributory basis.

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

The Plan's and 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 be the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. The College's contractually-required contribution rate for the year ended June 30, 2022 was 6.29% of covered payroll. The College's contributions to the RHBF were $1,925,417.65 for the year ended June 30, 2022.

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 reporting entity, and the University Employees' ORP. Be statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

Benefits Provided: Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the University Employees' ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing five years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

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

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State's fiscal year. The College's contractually-required contribution rate for the year ended June 30, 2022 was .09% of covered payroll. The College's contributions to DIPNC were $27,549.70 for the year ended June 30, 2022.

C. Net OPEB Liability (Asset)

Net OPEB Liability: At June 30, 2022, the College reported a liability of $48,734,068 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2021. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the College's proportion was .15764%, which was an increase of .00157 from its proportion measured as of June 30, 2020, which was .15607%.

Net OPEB Asset: At June 30, 2022, the College reported an asset of $26,192 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2021. The College's proportion of the net OPEB asset was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the College's proportion was .16035%,

which was an increase of .00119 from its proportion measured as of June 30, 2020, which was .15916%.

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

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

* Salary increases include 3.25% inflation and productivity factor.

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

N/A - Not Applicable

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

The projected long-term investment returns and inflation assumptions are developed through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset

allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021.

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

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

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

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

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

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

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

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

Discount Rate: The discount rate used to measure the total OPEB liability for RHBF was 2.16% at June 30, 2021 compared to 2.21% at June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments to current plan members. As a result, a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2021.

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

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

	Net OPEB Liability (Asset)		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
RHBF	$ 57,968,466.31	$ 48,734,068.01	$ 41,255,244.77
	1% Decrease (2%)	Current Discount Rate (3%)	1% Increase (4%)
DIPNC	$ (16,536.90)	$ 26,191.57	$ (35,123.06)

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

	Net OPEB Liability (Asset)		
	1% Decrease (Medical - 4% - 5%, Pharmacy - 4% - 8.5%, Med. Advantage - 4% Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6%, Pharmacy - 5% - 9.5%, Med. Advantage - 5% Administrative - 3%)	1% Increase (Medical - 6% - 7%, Pharmacy - 6% - 10.5%, Med. Advantage - 6% Administrative - 4%)
RHBF	$ 39,466,377.01	$ 48,734,068.01	$ 61,028,514.57

	1% Decrease (Medical - 4% - 5%, Pharmacy - 4% - 8.5% Administrative - 2.00%)	Current Healthcare Costs Trend Rates (Medical - 5% - 6%, Pharmacy - 5% - 9.5% Administrative - 3.00%)	1% Increase (Medical - 6% - 7%, Pharmacy - 6% - 10.5% Administrative - 4%)
DIPNC	$ (27,567.37)	$ (26,191.57)	$ (24,477.43)

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

OPEB Plan	Amount
RHBF	$ (3,196,296.00)
DIPNC	61,190.00
Total OPEB Expense	$ (3,135,106.00)

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

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 287,719.00	$ 66,781.00	$ 354,500.00
Changes of Assumptions	3,986,027.00	4,599.00	3,990,626.00
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,556.00	2,556.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	1,224,643.00	17,692.00	1,242,335.00
Contributions Subsequent to the Measurement Date	1,923,079.00	27,547.00	1,950,626.00
Total	$ 7,421,468.00	$ 119,175.00	$ 7,540,643.00

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 907,168.00	$ -	$ 907,168.00
Changes of Assumptions	11,843,438.00	9,509.00	11,852,947.00
Net Difference Between Projected and Actual Earnings on Plan Investments	24,929.00	-	24,929.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	5,657,771.00	356.00	5,658,127.00
Total	$ 18,433,306.00	$ 9,865.00	$ 18,443,171.00

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

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

Year Ending June 30:	RHBF	DIPNC
2023	$ (7,158,188.00)	$ 20,735.00
2024	(3,152,940.00)	15,280.00
2025	(1,860,955.00)	18,751.00
2026	(1,434,167.00)	9,945.00
2027	671,333.00	5,330.00
Thereafter		11,722.00
Total	$ (12,934,917.00)	$ 81,763.00

NOTE 14 - RISK MANAGEMENT

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

A. Public Entity Risk Pool

State Public Education Property Insurance Fraud

Fire and other property losses are covered by the Public School 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 million deductible per occurrence. Reinsurance is purchased by the Fund to cover catastrophic events in excess of the $10,000,000 million 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 and retirees 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. Certain plans also require contributions from employees. The Plan has contracted with third parties to process claims. See Note 13, Other Postemployment Benefits, for additional information regarding retiree health benefits.

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .13% for the current fiscal year.

3. Disability Income Plan

Short-term and long-term disability benefits are provided to College employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-Term benefits are paid by the College for up to twelve months. The Board of Trustees of the DIPNC may extend the short-term disability benefits for up to an additional twelve months. During the extended period of short-term disability benefits, payments are made directly by the DIPNC to the beneficiary. As discussed in Note 13, long-term disability benefits are payable as other postemployment benefit 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 aggregate per fiscal year via contract with a private insurance company. 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. Employee dishonesty and computer fraud losses for employees paid from county and institutional funds are covered by contracts with private insurance companies.

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 entirely from county or institutional funds.

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

5. Other Insurance Held by the College

The College purchased malpractice insurance for students in medical related fields. Coverage is provided at $2,000,000 per occurrence with a limit of $5,000,000.

NOTE 15 - COMMITMENTS

The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $6,311,571.58 and on other purchases were $683,327.79 at June 30, 2022.

NOTE 16 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2022, the College implemented GASB Statement No. 84, *Fiduciary Activities* issued by the Governmental Accounting Standards board (GASB). GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business–type activity that normally expects to hold custodial assets for 90-days or less.

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

NOTE 17 - NET POSITION RESTATEMENT

As of July 1, 2021, the College implemented GASB Statement No. 87, Leases. Net position was not restated due to the implementation; however, assets and liabilities were restated as a result of the implementation. See Note 5 Capital Assets and Note 7 Long-term Liabilities for details on the restated balances relating to capital assets and lease liability, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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

Exhibit C-1

Teachers' and State Employees' Retirement System	**2022**	**2021**	**2020**	**2019**	**2018**
Proportionate Share Percentage of Collective Net Pension Liability	0.18430%	0.18494%	0.19297%	0.20397%	0.21208%
Proportionate Share of TSERS Collective Net Pension Liability	$ 8,630,034.00	$ 22,344,445.00	$ 20,005,117.00	$ 20,307,435.00	$ 16,827,362.00
Covered Payroll	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01	$ 29,314,147.85	$ 29,091,907.12
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	29.26%	76.07%	69.30%	69.28%	57.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.86%	85.98%	87.56%	87.61%	89.51%

	2017	**2016**	**2015**	**2014**
Proportionate Share Percentage of Collective Net Pension Liability	0.20752%	0.19784%	0.18850%	0.18320%
Proportionate Share of TSERS Collective Net Pension Liability	$ 19,073,232.00	$ 7,290,796.00	$ 2,210,014.00	$ 11,122,107.00
Covered Payroll	$ 27,658,442.01	$ 26,187,086.06	$ 25,321,054.62	$ 24,899,639.11
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	68.96%	27.84%	8.73%	44.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.32%	94.64%	98.24%	90.60%

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

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

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

Exhibit C-2

Teachers' and State Employees' Retirement System	2022	2021	2020	2019	2018
Contractually Required Contribution	$ 5,022,155.62	$ 4,359,366.69	$ 3,809,877.47	$ 3,547,956.47	$ 3,160,065.14
Contributions in Relation to the Contractually Determined Contribution	5,022,155.62	4,359,366.69	3,809,877.47	3,547,956.47	3,160,065.14
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$30,607,253.45	$29,495,038.51	$29,374,537.16	$28,868,645.01	$ 29,314,147.85
Contributions as a Percentage of Covered Payroll	16.37%	14.78%	12.97%	12.29%	10.78%

	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 2,903,372.33	$ 2,530,747.44	$ 2,396,118.37	$ 2,200,399.65	$ 2,074,139.94
Contributions in Relation to the Contractually Determined Contribution	2,903,372.33	2,530,747.44	2,396,118.37	2,200,399.65	2,074,139.94
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$29,091,907.12	$27,658,442.01	$26,187,086.06	$25,321,054.62	$ 24,899,639.11
Contributions as a Percentage of Covered Payroll	9.98%	9.15%	9.15%	8.69%	8.33%

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

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

Changes of Benefit Terms:

Cost of Living Increase

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

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

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

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

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

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

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

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

N/A - Not Applicable

Pitt 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 ***Exhibit C-3***
Last Six Fiscal Years*

Retiree Health Benefit Fund	**2022**	**2021**	**2020**	**2019**	**2018**
Proportionate Share Percentage of Collective Net OPEB Liability	0.15764%	0.15607%	0.16571%	0.17803%	0.17338%
Proportionate Share of Collective Net OPEB Liability	$ 48,734,068.00	$ 43,294,431.00	$ 52,428,497.00	$ 50,717,589.00	$ 56,845,073.00
Covered Payroll	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01	$ 29,314,147.85	$ 29,091,907.12
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	165.23%	147.39%	181.61%	173.01%	195.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.72%	6.92%	4.40%	4.40%	3.52%

	2017
Proportionate Share Percentage of Collective Net OPEB Liability	0.17930%
Proportionate Share of Collective Net OPEB Liability	$ 78,001,594.00
Covered Payroll	$ 27,658,442.01
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	282.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.41%

Pitt 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 *Exhibit C-3*
*Last Six Fiscal Years**

Disability Income Plan of North Carolina	**2022**	**2021**	**2020**	**2019**	**2018**
Proportionate Share Percentage of Collective Net OPEB Asset	0.16035%	0.15916%	0.16750%	0.17865%	0.18640%
Proportionate Share of Collective Net OPEB Asset	$ 26,192.00	$ 78,297.00	$ 72,276.00	$ 54,267.00	$ 113,928.00
Covered Payroll	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01	$ 29,314,147.85	$ 29,091,907.12
Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	0.09%	0.27%	0.25%	0.19%	0.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	105.18%	115.57%	113.00%	108.47%	116.23%

	2017
Proportionate Share Percentage of Collective Net OPEB Asset	0.18485%
Proportionate Share of Collective Net OPEB Asset	$ 114,792.00
Covered Payroll	$ 27,658,442.01
Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	0.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	116.06%

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

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

Pitt Community College
Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Ten Fiscal Years ***Exhibit C-4***

Retiree Health Benefit Fund	**2022**	**2021**	**2020**	**2019**	**2018**
Contractually Required Contribution	$ 1,923,078.66	$ 1,970,268.57	$ 1,900,532.55	$ 1,810,064.04	$ 1,773,505.94
Contributions in Relation to the Contractually Determined Contribution	1,923,078.66	1,970,268.57	1,900,532.55	1,810,064.04	1,773,505.94
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01	$ 29,314,147.85
Contributions as a Percentage of Covered Payroll	6.29%	6.68%	6.47%	6.27%	6.05%

	2017	**2016**	**2015**	**2014**	**2013**
Contractually Required Contribution	$ 1,689,936.01	$ 1,548,872.75	$ 1,437,671.02	$ 1,367,336.95	$ 1,319,680.87
Contributions in Relation to the Contractually Determined Contribution	1,689,936.01	1,548,872.75	1,437,671.02	1,367,336.95	1,319,680.87
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 29,091,907.12	$ 27,658,442.01	$ 26,187,086.06	$ 25,321,054.62	$ 24,899,639.11
Contributions as a Percentage of Covered Payroll	5.81%	5.60%	5.49%	5.40%	5.30%

Disability Income Plan of North Carolina	**2022**	**2021**	**2020**	**2019**	**2018**
Contractually Required Contribution	$ 27,546.53	$ 26,545.53	$ 29,374.54	$ 40,416.10	$ 41,039.81
Contributions in Relation to the Contractually Determined Contribution	27,546.53	26,545.53	29,374.54	40,416.10	41,039.81
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01	$ 29,314,147.85
Contributions as a Percentage of Covered Payroll	0.09%	0.09%	0.10%	0.14%	0.14%

	2017	**2016**	**2015**	**2014**	**2013**
Contractually Required Contribution	$ 110,549.25	$ 113,399.61	$ 107,367.05	$ 111,412.64	$ 109,558.41
Contributions in Relation to the Contractually Determined Contribution	110,549.25	113,399.61	107,367.05	111,412.64	109,558.41
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 29,091,907.12	$ 27,658,442.01	$ 26,187,086.06	$ 25,321,054.62	$ 24,899,639.11
Contributions as a Percentage of Covered Payroll	0.38%	0.41%	0.41%	0.44%	0.44%

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

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

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

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

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

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

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

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

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

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

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

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