Financial Statements

WINTERVILLE, NORTH CAROLINA

2023 - 2024

PITT COMMUNITY COLLEGE

WINTERVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

STATE BOARD OF COMMUNITY COLLEGES

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

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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, 2024, with comparative data for the fiscal year ended June 30, 2023. 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, 2023, to the ending cash on hand as of June 30, 2024.

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.

Financial Highlights

For the first time since the onset of the COVID pandemic in 2020, the college's enrollment increased in the 2023 – 2024 academic year, hopefully signaling that the three-year decline in enrollment due in large part from the pandemic is over. Enrollment for the 2024 summer term is up 10% for curriculum enrollment and 30% for Continuing Education enrollment over 2023 summer term. In addition, enrollment for the 2024 fall term at this point is promising as well.

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 increased from 220,388 to 226,789, a 2.9% increase for the 2023 - 2024 fiscal year. Pitt Community College's budget FTE decreased from 7,172 to 7,014, a 2.2% decrease for the 2023-24 fiscal year. The College ranks 8th 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, 2024, 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

	2024	2023	Change
Assets			
Current Assets	$ 15,455,472.18	$ 16,088,343.47	$ (632,871.29)
Capital Assets, Net of Depreciation	111,383,527.87	109,807,711.27	1,575,816.60
Other Noncurrent Assets	41,449.61	48,538.91	(7,089.30)
Total Assets	126,880,449.66	125,944,593.65	935,856.01
Deferred Outflows of Resources	26,143,497.89	23,097,895.89	3,045,602.00
Liabilities			
Current Liabilities	2,946,514.00	2,908,743.04	37,770.96
Noncurrent Long-Term Liabilities	73,311,205.07	65,189,070.44	8,122,134.63
Total Liabilities	76,257,719.07	68,097,813.48	8,159,905.59
Deferred Inflows of Resources	14,509,661.00	22,153,928.00	(7,644,267.00)
Net Position			
Net Investment in Capital Assets	110,610,435.39	109,024,521.44	1,585,913.95
Restricted	981,288.34	794,760.00	186,528.34
Unrestricted	(49,335,156.25)	(51,028,533.38)	1,693,377.13
Total Net Position	$ 62,256,567.48	$ 58,790,748.06	$ 3,465,819.00

- Total current assets decreased by $632,871.29 largely due to a decrease in inventory of $320,770.80, which was mainly related to the decrease in the college's bookstore year-end inventory. Accounts receivables also decreased by $160,545.21, due to a reduction in receivables from students in the amount of $64,818.92, general accounts of $47,253.67, and governmental accounts of $47,162.99.

- Capital assets, net of depreciation increased by $1,575,816.60 due to the increase in construction in progress related to design costs of the new welding building, a completed exterior door lock project for several buildings on the main campus, and the acquisition of the two Farmville center buildings. These increases were offset by increases in current year accumulated depreciation.

- The increase of $3,045,602.00 of deferred outflows of resources, the increase of

noncurrent liabilities of $8,122,134.63 and the decrease of $7,644,267.00 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.

- As of June 30, 2024, the College's largest net position caption was net investment in capital assets of $110,610,435.39, followed by a restricted net position of $981,288.34 and a negative unrestricted net position balance of $49,335,156.25. The net investment in capital assets increased by $1,585,913.95 primarily due to capital asset increases as noted above. The College's negative unrestricted net position is strongly impacted by transactions resulting from the recognition of the net pension liability and net other postemployment benefits liability. Additional information regarding these transactions can be found in the College's Notes to the Financial Statements.

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

	2024	2023	Change
Operating Revenues			
Student Tuition and Fees, Net	$ 6,360,358.66	$ 5,878,889.38	$ 481,469.28
Sales and Services, Net	1,984,040.01	1,795,506.53	188,533.48
Other Operating Revenues	225,843.07	210,475.25	15,367.82
Total Operating Revenues	8,570,241.74	7,884,871.16	685,370.58
Less Operating Expenses	77,436,201.41	73,755,328.03	3,680,873.38
Operating Loss	(68,865,959.67)	(65,870,456.87)	(2,995,502.80)
Nonoperating and Other Revenues			
State Aid	37,141,140.86	37,729,506.32	(588,365.46)
County Appropriations	6,781,542.00	6,434,185.00	347,357.00
Student Financial Aid	16,684,835.48	14,202,088.55	2,482,746.93
Federal Aid - COVID-19	0.00	8,540,144.79	(8,540,144.79)
Noncapital Contributions	7,425,686.60	6,782,751.10	642,935.50
Other Nonoperating Revenues, Net	589,365.64	76,637.48	512,728.16
Capital Aid	3,709,208.51	7,453,564.88	(3,744,356.37)
Total Nonoperating and Other Revenues	72,331,779.09	81,218,878.12	(8,887,099.03)
Change in Net Position	3,465,819.42	15,348,421.25	(11,882,601.83)
Net Position - July 1, 2023	58,790,748.06	43,442,326.81	15,348,421.25
Net Position - June 30, 2024	$ 62,256,567.48	$ 58,790,748.06	$ 3,465,819.42

Fiscal year 2023-2024 total revenues are $80,902,020.83 and total expense are $77,436,201.41
Fiscal year 2022-2023 total revenues are $89,362,539.89 and total expense are $74,014,118.64

Operating and Nonoperating Revenues

- Total operating revenues increased by $685,370.58, mainly due to the increase in student tuition and fees, net by $481,469.28. This increase in tuition and fees was a result of an increase in enrollment for the current year.
- Operating expenses increased by $3,680,873.38, with variances explained in more detail below in operating expenses section.
- Student financial aid increased by $2,482,746.93. This was due to an increase in the College's federal Work Study funds over the prior year of $156,464.42, a decrease in SEOG funds by $400,280.44, and an increase in Pell grant funds by $2,726,562.95.
- Federal aid – COVID-19 decreased by $8,540,144.79, with no expenditures in the current fiscal year. The original end date of the Higher Education Emergency Relief Funds (HEERF) was June 30, 2022, with an additional one-year extension given to colleges to allow the expenditure of HEERF funds through June 30, 2023.
- Capital aid decreased by $3,744,356.37 in the current year mainly due to a one-time capital gift from the Pitt Community College Foundation, Inc. in the prior year of $4,716,551.94 for the Student Advancement Center. This decrease was also offset by an increase in current year revenue regarding the purchase of the Farmville Center.

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 63% of operating expenses, followed by scholarships at 14%, supplies and services at 17.7%, depreciation at 3.6%, and utilities at 1.7%.

	2024	2023	Change
Salaries and Benefits	$ 48,746,424.75	$ 42,200,504.91	$ 6,545,919.84
Supplies and Services	13,670,393.78	16,603,168.73	(2,932,774.95)
Scholarships and Fellowships	10,897,633.76	10,973,694.49	(76,060.73)
Utilities	1,303,663.60	1,247,378.46	56,285.14
Depreciation/Amortization	2,818,085.52	2,730,581.44	87,504.08
Total Operating Expenses	$ 77,436,201.41	$ 73,755,328.03	$ 3,680,873.38

Salaries and benefits increased by $6,545,919.84 largely due to the 4% salary increase given to employees of the college in 2023 – 2024. Current year changes in salary expense related to the pension plan and other postemployment benefits plan (OPEB) that are administered by the state of North Carolina also increased by $2,495,790.00

Supplies and Services decreased by $2,932,774.95 in the current year. This is due to increased spending in the prior year using HEERF funds for supplies and services. HEERF funds ending on June 30, 2023, with no expenditures of HEERF funds in the current year.

Capital Assets

	2024	2023	Change
Land	$ 6,384,444.75	$ 6,384,444.75	$ 0.00
Construction in Progress	973,503.79	335,696.40	637,807.39
Buildings	111,749,964.09	108,874,078.46	2,875,885.63
Machinery and Equipment	21,557,214.00	21,046,999.11	510,214.89
General Infrastructure	3,484,062.24	3,484,062.24	0.00
Right to Use - Building	620,036.00	560,121.00	59,915.00
Right to Use - Equipment	254,970.00	254,970.00	0.00
Right to Use Subscription Assets	1,161,255.57	851,176.36	310,079.21
Total Capital Assets	146,185,450.44	141,791,548.32	4,393,902.12
Less:Accumulated Depreciation/Amortization	34,801,922.57	31,983,837.05	2,818,085.52
Total Capital Assets, Net	$ 111,383,527.87	$ 109,807,711.27	$ 1,575,816.60

The increase in construction in progress of $637,807.39 is due to the increase in construction costs in the current year of $539,366.63 for the welding building and $98,070.60 for the Farmville center renovation. The increase in the buildings for this year of $2,875,885.63 is for the two completed projects related to the Farmville center purchases of $2,117,693.87 and the exterior door lock project of $758,191.76. The exterior door lock project related to campus safety, in which these new exterior door locks can now be locked and unlocked remotely by our police department.

Machinery and equipment increased by $510,214.89 largely due to the purchase of new information technology equipment provided by a state grant to support rural college broadband access.

The increase in the total accumulated depreciation for this year of $2,818,085.52 is entirely due to one additional year of depreciation to the buildings, equipment and infrastructure of existing assets, or the current year's addition of accumulated depreciation for new assets added this year.

Economic Outlook and Effects on Financial Positions

The College continues to adjust its operations and teaching delivery methods from the outcomes of the COVID-19 pandemic. The College offers a variety of remote learning opportunities to 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).

As stated above, the onset of the COVID-19 pandemic in March 2020 dropped our student enrollment for the 2020 - 2021 academic year. This enrollment decline continued for the 2021 - 2022 academic year, as well as the 2022 - 2023 academic year. For the first time in three years, our curriculum enrollment increased in the 2023 - 2024 academic year. This increase in enrollment for the current year will provide an increase to the State's 2024–25 operating budget in the estimated amount of $1,473,390.

Actual FTE - Curriculum only

	2023-24	2022-23	2021-22	2020-21	2019-20
Summer	893	882	902	1,014	906
Fall	2,800	2,687	2,792	2,942	3,243
Spring	2,585	2,473	2,486	2,586	3,042
	6,278	6,042	6,180	6,542	7,191

The college continues to expand its facilities with several construction projects in place for the 2024 - 2025 fiscal year. The college began construction in August 2024 on its new 30,000 square foot welding building. This $17,703,916 building is being funded by both county funds ($16,412,296) and state capital infrastructure funds ($1,291,620). The college has one of the largest welding programs in the state of North Carolina.

Pitt Community College established a new campus in Farmville, N.C. this past year geared

toward workforce development. The $2.1 million purchase of two buildings and 7.6 acres at 8846 W. Marlboro Road was completed on July 20, 2023. Once the College has renovated, furnished, and equipped the 49,700-square-foot main building and the adjacent 2,924-square-foot structure, it will serve the needs of the Farmville area.

The state board of community colleges has approved a $4,500,000 renovation project for the main building at the Farmville site, and a $450,000 renovation project for the smaller building. These renovation projects are currently underway in the design process with Intrepid Architecture.

The state board of community colleges has also approved a $4,500,000 renovation project regarding the relocation of our cosmetology program. The college currently operates the program in leased space off campus. Relocating this property to college-owned property empowers the cosmetology program to operate in a space specifically tailored to them. In addition, the college will be expanding our programs / services to include high school cosmetology, nail technician (manicuring), aesthetics, and natural hair care.

FINANCIAL STATEMENTS

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	12,896,937.17
Restricted Cash and Cash Equivalents		1,073,318.13
Receivables, Net (Note 4)		877,625.69
Inventories		607,591.19
Total Current Assets		15,455,472.18
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		41,449.61
Capital Assets - Nondepreciable (Note 5)		7,357,948.54
Capital Assets - Depreciable, Net (Note 5)		104,025,579.33
Total Noncurrent Assets		111,424,977.48
Total Assets		126,880,449.66
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		17,089,595.89
Deferred Outflows Related to Other Postemployment Benefits (Note 13)		9,053,902.00
Total Deferred Outflows of Resources		26,143,497.89
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)		1,289,509.73
Unearned Revenue		942,573.86
Long-Term Liabilities - Current Portion (Note 7)		714,430.41
Total Current Liabilities		2,946,514.00
Noncurrent Liabilities:		
Long-Term Liabilities (Note 7)		73,311,205.07
Total Liabilities		76,257,719.07
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions		473,923.00
Deferred Inflows Related to Other Postemployment Benefits (Note 13)		14,035,738.00
Total Deferred Inflows of Resources		14,509,661.00

NET POSITION	
Net Investment in Capital Assets	110,610,435.39
Restricted:	
Expendable:	
Student Financial Aid	66,808.30
Restricted for Specific Programs	785,577.32
Capital Projects	14,775.17
Other	114,127.55
Unrestricted	(49,335,156.25)
Total Net Position	$ 62,256,567.48

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, 2024

Exhibit A-2

OPERATING REVENUES		
Student Tuition and Fees, Net (Note 10)	$	6,360,358.66
Sales and Services, Net (Note 10)		1,984,040.01
Other Operating Revenues		225,843.07
Total Operating Revenues		8,570,241.74
OPERATING EXPENSES		
Salaries and Benefits		48,746,424.75
Supplies and Services		13,670,393.78
Scholarships and Fellowships		10,897,633.76
Utilities		1,303,663.60
Depreciation/Amortization		2,818,085.52
Total Operating Expenses		77,436,201.41
Operating Loss		(68,865,959.67)
NONOPERATING REVENUES		
State Aid		37,141,140.86
County Appropriations		6,781,542.00
Student Financial Aid		16,684,835.48
Noncapital Contributions		7,425,686.60
Investment Income		551,422.41
Other Nonoperating Revenues		37,943.23
Total Nonoperating Revenues		68,622,570.58
Income Before Other Revenues		(243,389.09)
State Capital Aid		2,896,046.72
County Capital Aid		813,161.79
Total Other Revenues		3,709,208.51
Increase in Net Position		3,465,819.42
NET POSITION		
Net Position, July 1, 2023		58,790,748.06
Net Position, June 30, 2024	$	62,256,567.48

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 8,735,829.86
Payments to Employees and Fringe Benefits	(51,262,384.67)
Payments to Vendors and Suppliers	(14,640,414.08)
Payments for Scholarships and Fellowships	(10,896,324.13)
William D. Ford Direct Lending Receipts	6,532,425.00
William D. Ford Direct Lending Disbursements	(6,532,425.00)
Other Receipts	37,943.23
Net cash used by Operating Activities	(68,025,349.79)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid	37,141,140.86
County Appropriations	6,781,542.00
Student Financial Aid	16,684,835.48
Noncapital Contributions	7,417,330.59
Cash Provided by Noncapital Financing Activities	68,024,848.93
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
State Capital Aid	2,896,046.72
County Capital Aid	813,161.79
Acquisition and Construction of Capital Assets	(4,023,907.91)
Principal paid on leases	(394,866.73)
Net Cash Used by Capital Financing and Related Financing Activities	(709,566.13)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	551,422.41
Cash Provided by Investing Activities	551,422.41
Net Increase in Cash and Cash Equivalents	(158,644.58)
Cash and Cash Equivalents, July 1, 2023	14,170,349.49
Cash and Cash Equivalents, June 30, 2024	$ 14,011,704.91

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(68,865,959.67)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense		2,818,085.52
Other Nonoperating Income		37,943.23
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		113,382.22
Inventories		320,770.80
Deferred Outflows related to Pensions		(740,159.00)
Deferred Outflows related to Other Postemployment Benefits		(2,305,443.00)
Changes in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Liabilities		9,701.50
Unearned Revenue		53,431.53
Net Other Postemployment Benefits Liability		5,480,722.00
Net Pension Liability		2,716,612.00
Compensated Absences		(20,169.92)
Deferred Inflows Related to Pensions		(416,288.00)
Deferred Inflows Related to Other Postemployment Benefits		(7,227,979.00)
Net Cash Used by Operating Activities	$	(68,025,349.79)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through Assumption of a Liability	369,994.21
Decrease in Net Other Postemployment Benefits Liability Related to to Noncapital Contributions	(55,519.00)

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, 2024

Exhibit B-1

ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash With State Treasurer	$	164,821.88
Cash in Private Institutions		1,000.00
Restricted Cash with State Treasurer		1,304,677.13
Accounts Receivable		386.92
Pledge Receivable, Current		310,000.00
Total Current Assets		1,780,885.93
Investments		
Cash and Cash Equivalents		2,639,298.38
Long-Term Investments		4,054,882.63
Total Investments		6,694,181.01
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		511,615.47
Grant Income Receivable		7,608.06
		519,223.53
Total Assets	$	8,994,290.47
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$	6,141.30
Accrued Wages and Benefits		9,089.51
Deferred Revenue - Fundraising		83,707.00
Total Liabilities		98,937.81
Net Assets		
Without Donor Restrictions		102,812.67
With Donor Restrictions		
Perpetual in Nature		6,366,148.36
Purpose Restrictions		2,426,391.63
Total With Donor Restrictions		8,792,539.99
Total Net Assets		8,895,352.66
Total Liabilities and Net Assets	$	8,994,290.47

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, 2024 *Exhibit B-2*

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Support:			
Contributions	$ 129,613.34	$ 1,042,047.87	$ 1,171,661.21
Contributions - In Kind		47,381.81	47,381.81
Discount on Pledges Receivables	(1,725.93)	(95,408.60)	(97,134.53)
Revenue:			
Income Earned on Investments	5,481.82	162,729.23	168,211.05
Fund Raising Income	255,873.01	0.00	255,873.01
Net Assets Released from Restrictions	786,316.28	(786,316.28)	0.00
Total Support and Revenue	1,175,558.52	370,434.03	1,545,992.55
EXPENSES			
Contributions to Pitt Community College for:			
Scholarships and Minigrants	327,566.93		327,566.93
General Support for PCC Programs	41,451.49		41,451.49
Building Construction	40,000.00		40,000.00
Program Services	387,297.86		387,297.86
General Expenses	58,226.05		58,226.05
Fundraising Expenses	94,746.05		94,746.05
TOTAL EXPENSES	949,288.38	0.00	949,288.38
Unrealized Gain/Loss on Investment	0.00	555,530.85	555,530.85
Reclassification	(170,099.73)	170,099.73	0.00
Change in Net Assets	56,170.41	1,096,064.61	1,152,235.02
Net Assets at Beginning of the Year	46,642.26	7,696,475.38	7,743,117.64
Net Assets at End of Year	$ 102,812.67	$ 8,792,539.99	$ 8,895,352.66

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 30 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, 2024, the Foundation distributed $409,018.42 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

Right-to-use lease and subscription assets are recorded at the present value of payments expected to be made during the lease or subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Lease liabilities are capitalized as a right-to-use asset when the underlying leased asset has a cost of $10,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of $100,000 or greater and an estimated useful life of more than one year.

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

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

I. Accounting and Reporting of Fiduciary Activities – Pursuant to the provisions of GASB Statement No. 84, *Fiduciary Activities*, custodial funds that are normally expected to be received and disbursed within a 3-month period or otherwise do not meet the fiduciary activity criteria defined by GASB Statement No. 84 continue to be reported 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 liabilities, subscription liabilities, 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 2023 *Annual Comprehensive Financial Report.* This liability represents the College's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 12 for further information regarding the College's policies for recognizing liabilities, expenses, deferred outflows of resources and deferred inflows of resources related to pensions.

The net OPEB liability represents the College's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2023 *Annual Comprehensive Financial Report*. This liability represents the College's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. 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

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 $4,330.00, and deposits in private financial institutions with a carrying value of $560,000 and a bank balance of $943,000.02.

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

method, each depository establishes an escrow account in the name of the State Treasurer to secure all of its public deposits. This method shifts the monitoring responsibility from the local unit to the State Treasurer.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2024, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

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

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

At June 30, 2024, the amount shown on the Statement of Net Position as cash and cash equivalents includes $13,447,374.91, which represents the College's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.4 years as of June 30, 2024. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

NOTE 3 - Fair Value Measurements

To the extent available, the College's investments are recorded at fair value as of June 30, 2024. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace.

Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

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

Short-Term Investment Fund – At year-end, all of the College's investments valued at $13,447,374.91 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.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2024, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 829,325.44	$ 153,078.00	$ 676,247.44
Student Sponsors	35,834.18	-	35,834.18
Accounts	86,972.82	-	86,972.82
Intergovernmental	78,571.25	-	78,571.25
Total Current Receivables	$ 1,030,703.69	$ 153,078.00	$ 877,625.69

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets, Nondepreciable:				
Land and Permanent Easements	$ 6,384,444.75	$ 0.00	$ 0.00	$ 6,384,444.75
Construction in Progress	335,696.40	3,513,693.02	2,875,885.63	973,503.79
Total Capital Assets, Nondepreciable	6,720,141.15	3,513,693.02	2,875,885.63	7,357,948.54
Capital Assets, Depreciable:				
Buildings	108,874,078.46	2,875,885.63		111,749,964.09
Machinery and Equipment	21,046,999.11	510,214.89		21,557,214.00
General Infrastructure	3,484,062.24			3,484,062.24
Right-to-Use Leased Buildings	560,121.00	59,915.00		620,036.00
Right-to-Use Leased Machinery and Equipment	254,970.00			254,970.00
Right-to-Use Subscription Assets	851,176.36	310,079.21		1,161,255.57
Total Capital Assets, Depreciable	135,071,407.17	3,756,094.73	0.00	138,827,501.90
Less Accumulated Depreciation/Amortization for:				
Buildings	23,523,280.12	1,527,226.95		25,050,507.07
Machinery and Equipment	6,578,117.14	771,070.11		7,349,187.25
General Infrastructure	965,228.68	46,621.20		1,011,849.88
Right-to-Use Leased Buildings	477,986.00	76,548.00		554,534.00
Right-to-Use Leased Machinery and Equipment	163,691.00	43,529.00		207,220.00
Right-to-Use Subscription Assets	275,534.11	353,090.26		628,624.37
Total Accumulated Depreciation/Amortization	31,983,837.05	2,818,085.52	0.00	34,801,922.57
Total Capital Assets, Depreciable, Net	103,087,570.12	938,009.21	0.00	104,025,579.33
Capital Assets, Net	$ 109,807,711.27	$ 4,451,702.23	$ 2,875,885.63	$ 111,383,527.87

As of June 30, 2024, the total amount of the right-to-use leased and subscription assets was $875,006.00 and $1,161,255.57, and the related accumulated amortization was $761,754.00 and $628,624.37, respectively.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Amount
Current Acounts Payable and Accrued Liablitities:	
Accounts Payable	$ 362,602.76
Accounts Payable - Capital Assets	14,775.17
Accrued Payroll	912,131.80
Total Current Accounts Payable and Accrued Liabilities	$ 1,289,509.73

NOTE 7 - LONG-TERM LIABILITIES

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

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Other Long-Term Liabilities					
Lease Liabilities	182,893.00	59,915.00	121,253.00	121,555.00	103,812.00
Subscription (SBITA) Liabilities	600,296.83	310,079.21	273,613.73	636,762.31	270,307.13
Compensated Absences	1,987,178.09	1,825,833.03	1,846,002.95	1,967,008.17	340,311.28
Net Pension Liability	26,282,635.00	2,716,612.00	-	28,999,247.00	-
Net Other Postemployment Benefit Liability	36,875,860.00	5,425,203.00		42,301,063.00	-
Total Long-Term Liabilities	$ 65,928,862.92	$ 10,337,642.24	$ 2,240,869.68	$ 74,025,635.48	$ 714,430.41

Additional information regarding lease and subscription (SBITA) liabilities is included in Note 8.
Additional information regarding the net pension liability is included in Note 12.
Additional information regarding the net other postemployment benefit liability is included in Note 13.

Note 8 - LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Lessee Arrangements - The College has lease agreements for the right to use office space and equipment from both external and related parties. The leases expire at various dates, and some have renewal options. Lease liabilities and right-to-use leased assets are recorded based on the present value of expected receipts over the term of the respective leases. The expected payments are discounted using the interest rate stated per the lease contract, or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

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

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Terms (1)	Interest Rate/ Ranges
Lessee:					
Buildings	3	71,147.00	71,147.00	1 year	3.50%
Machinery and Equipment	6	50,408.00	32,665.00	1-4 years	3.25%-4.96%
Total	9	$ 121,555.00	$ 103,812.00		

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

B. Subscription-Based Information Technology Arrangements (SBITAs)– The College enters SBITAs for the right to use information technology software and cloud computing arrangement (network) assets from both external and related parties. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, of the

College's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

SBITA	Subscription (SBITA) Liabilities June 30, 2024	Current Portion	SBITA Terms and Conditions	Interest Rate/ Ranges
Right-to-Use Subscription Assets	$ 636,762.31	$ 270,307.13	2-5 years	4.85%-8.29%
Total	$ 636,762.31	$ 270,307.13		

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

	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$ 103,812.00	$ 2,600.00	$ 270,307.13	$ 38,620.27
2026	13,107.00	351.00	195,192.70	23,153.49
2027	4,636.00	47.00	129,613.09	11,062.02
2028			41,649.39	3,452.73
Total Requirements	$ 121,555.00	$ 2,998.00	$ 636,762.31	$ 76,288.51

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	$ (12,383,574.11)
Net OPED Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(47,356,274.00)
Effect on Unrestricted Net Position	(59,739,848.11)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	10,404,691.86
Total Unrestricted Net Position	$ (49,335,156.25)

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

NOTE 10 - REVENUES

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

	Gross Revenues	Less Scholarship Discounts and Allowances	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:				
Student Tuition and Fees, Net	$ 13,133,412.18	$ 6,723,867.71	$ 49,185.81	$ 6,360,358.66
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Bookstore	$ 3,210,322.34	$ 1,672,749.81	$ 755.68	$ 1,536,816.85
Athletics	18,734.44			18,734.44
Other	16,109.17			16,109.17
Sales and Services of Education and Related Activities	412,379.55			412,379.55
Total Sales and Services, Net	$ 3,657,545.50	$ 1,672,749.81	$ 755.68	$ 1,984,040.01

NOTE 11 - OPERATING EXPENSES BY FUNCTION

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

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation / Amortization	Total
Instruction	$ 28,536,197.91	2,820,798.89	46,551.96			$ 31,403,548.76
Academic Support	7,534,637.57	1,994,104.57	14,007.50			9,542,749.64
Student Services	4,597,028.10	920,315.50	120,271.54			5,637,615.14
Institutional Support	5,698,957.02	2,049,963.82	7,120.93	3,802.28		7,759,844.05
Operations and Maintenance of Plant	1,750,183.33	2,567,284.27		1,299,861.32		5,617,328.92
Student Financial Aid	212,994.77	17,760.00	10,625,441.83			10,856,196.60
Auxiliary Enterprises	416,426.05	3,300,166.73	84,240.00			3,800,832.78
Depreciation / Amortization					2,818,085.52	2,818,085.52
Total Operating Expenses	$ 48,746,424.75	$ 13,670,393.78	$ 10,897,633.76	$ 1,303,663.60	$ 2,818,085.52	$ 77,436,201.41

NOTE 12 - PENSION PLANS

Defined Benefit Plan

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

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

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the

contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from 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, 2024 was 17.64% of covered payroll. Plan members' contributions to the pension plan were $1,915,227.23, and the College's contributions were $5,630,767.56 for the year ended June 30, 2024.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2023 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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

Methods Used to Value TSERS Investment: Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, the Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2023 *Annual Comprehensive Financial Report*.

Net Pension Liability: At June 30, 2024, the College reported a liability of $28,999,247 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total pension liability to June 30, 2023. The College's proportion of the net pension liability was based on a projection of the present value of

future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially determined. As of June 30, 2023, the College's proportion was .17394%, which was a decrease of .00314 from its proportion measured as of June 30, 2022, which was .17708%.

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

Valuation Date	12/31/2022
Inflation	2.5%
Salary Increases*	3.25% - 8.05%
Investment Rate of Return**	6.5%

* Salary increases include 3.25% inflation and productivity factor.

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost-of-living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (the measurement date) are summarized in the following table:

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

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is 0.78%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2022 valuation. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2023, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

Net Pension Liability		
1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 49,784,912.00	$ 28,999,247.00	$ 11,851,748.00

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2024, the College

recognized pension expense of $7,187,762.00. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 2,364,125.00	$ 214,035.00
Changes of Assumptions	1,018,415.33	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,076,288.00	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	-	259,888.00
Contributions Subsequent to the Measurement Date	5,630,767.56	-
Total	$ 17,089,595.89	$ 473,923.00

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

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

Year ending June 30:	Amount
2025	$ 3,541,433.00
2026	1,905,271.00
2027	5,193,207.00
2028	344,994.00
2029	
Total	$ 10,984,905.00

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 2023 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial reporting Section at (919) 707-0500.

A. Summary of Significant Account Policies and Plan Asset Matters

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

Methods Used to Value Plan Investments: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan 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 2023 *Annual Comprehensive Financial Report.*

B. Plan Descriptions

1. Health Benefits

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

The Retiree Health Benefit Fund (RHBF) has been established by Chapter 135-7 Article 1 of the General Statutes as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of 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 the former employees become eligible for Medicare. The benefits provided include medical and pharmacy coverage for employees and their dependents. Non-Medicare eligible members have two self-funded options administered by the State Health Plan while Medicare members have three options, including one self-funded option and two fully-insured Medicare Advantage /Prescription Drug Plan options. Self-funded medical and pharmacy claims costs are shared between the covered member and the State Health Plan. If the self-funded plan is elected by a Medicare eligible member, the coverage is secondary to Medicare. Fully-insured claims include cost sharing from covered members with the remaining balance paid by the fully-insured carrier.

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

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

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3B of the General Statutes and may be amended only 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 Act. The College's contractually-required contribution rate for the year ended June 30, 2024 was 7.14% of covered payroll. The College's contributions to the RHBF were $2,279,120.20 for the year ended June 30, 2024.

In fiscal year 2022, the Plan transferred $180.51 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a non-employer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2024, the College recognized noncapital contributions for RHBF of $55,519.00.

2. **Disability Income**

Plan Administration: As discussed in Note 14, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina system, community colleges, certain participating component units and LEAs which are not part of the State's reporting entity, and the University Employees' ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

Benefits Provided: Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, while the employee is disabled and does not met the TSERS conditions for unreduced service retirement. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the University Employees' ORP, earned within 96 months prior to becoming disabled or cessation of salary continuation payments, whichever is later; (2) the employee

must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS; and (6) the employee must terminate employment as a permanent, full-time employee. A general employee is eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing five years of membership service, 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, by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee be at least age 62, and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than $10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, benefits are calculated in the same manner as described above except that after the first 36 months of the long-term disability, no further long-term disability benefits are payable unless the employee has been approved and is in receipt of primary Social Security benefits.

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

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North Carolina General Assembly and coincide with the State's fiscal year. The College's contractually-required contribution rate for the year ended June 30, 2024 was 0.11% of covered payroll. The College's contributions to DIPNC were $35,112.50 for the year ended June 30, 2024.

C. Net OPEB Liability

Retiree Health Benefit Fund: At June 30, 2024, the College reported a liability of $42,261,315 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the College's proportion was .15859%, which was an increase of .00349 from its proportion measured as of June 30, 2022, which was .15510%.

Disability Income Plan of North Carolina: At June 30, 2024, the College reported a liability of $39,748 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the College's proportion was .14945%, which was a decrease of .00315 from its proportion measured as of June 30, 2022, which was .15260%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2023 utilizing update procedures incorporating the actuarial assumptions.

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

* Salary increases include 3.25% inflation and productivity factor.

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2023.

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

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

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is 0.78%.

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

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

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The RHBF is funded solely by employer contributions and benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Prior to July 1, 2019, employers received a reimbursement from DIPNC for employer costs, including the employer's share of the State Health Plan premiums, incurred during the second six months of the first year of a member's short-term

disability coverage. With the elimination of the reimbursement to employers, State Health Plan premiums are no longer reimbursed by DIPNC for the benefits that were effective on or after July 1, 2019.

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

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

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% at June 30, 2023 compared to 3.08% at June 30, 2022. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments to the current plan members. In order to develop the blended discount rate of 3.00%, 3.00% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.65% was used during the period that the plan was projected to have no fiduciary net position. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

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

Net OPEB Liability			
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
RHBF	$ 49,855,263.00	$ 42,261,315.00	$ 36,076,549.00
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	$ 47,782.00	$ 39,748.00	$ 31,567.00

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

Net OPEB Liability			
	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6% Med. Advantage - 0% - 4% Administrative - 2%)	Current Healthcare Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7% Med. Advantage - 0% - 5% Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8% Med. Advantage - 0% - 6% Administrative - 4%)
RHBF	$ 34,890,504.00	$ 42,261,315.00	$ 51,765,821.00

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

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

OPEB Plan	Amount
RHBF	$ (1,799,140.00)
DIPNC	60,589.00
Total OPEB Expense	$ (1,738,551.00)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 465,380.00	$ 34,834.00	$ 500,214.00
Changes of Assumptions	4,578,187.20	2,896.10	4,581,083.30
Net Difference Between Projected and Actual Earnings on OPEB Plan Investment	337,605.00	51,916.00	389,521.00
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	1,251,421.00	17,430.00	1,268,851.00
Contributions Subsequent to the Measurement Date	2,279,120.20	35,112.50	2,314,232.70
Total	$ 8,911,713.40	$ 142,188.60	$ 9,053,902.00

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 41,408.00	$ 22,015.00	$ 63,423.00
Changes of Assumptions	11,274,978.00	6,785.00	11,281,763.00
Net Difference Between Projected and Actual Earnings on OPEB Plan Investmen	-	-	-
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	2,690,286.00	266.00	2,690,552.00
Total	$ 14,006,672.00	$ 29,066.00	$ 14,035,738.00

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liabilities related to RHBF and DIPNC in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

Year Ending June 30:	RHBF	DIPNC
2025	$ (3,759,788.00)	$ 24,665.00
2026	(3,335,765.00)	16,398.00
2027	(1,221,401.00)	21,251.00
2028	942,875.00	9,676.00
2029		3,934.00
Thereafter		2,086.00
Total	$ (7,374,079.00)	$ 78,010.00

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 State Public Education Property Insurance Fund (Fund), a state-administered public entity risk pool. The Fund is financed by premiums and interest collected through membership participation and retains a $10,000,000 deductible per occurrence. Reinsurance is purchased by the Fund to cover catastrophic events in excess of the $10,000,000 deductible. Membership insured property is covered under an all risk coverage contract. Each member selects the deductible that will be applicable to their losses, and this deductible ranges from $1,000 to $5,000. Building and contents are valued under a replacement cost basis. No coinsurance penalties apply. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

B. Employee Benefit Plans

1. State Health Plan

College employees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions.

The Plan has contracted with third parties to process claims. See Note 13, Other Postemployment Benefits, for additional information regarding retiree health benefits.

2. Death Benefit Plan of North Carolina

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

3. Disability Income Plan

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

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

5. Other Insurance Held by the College

The College purchased 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 $439,829.71 and on other purchases were $610,132.11 at June 30, 2024.

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 Ten Fiscal Years**

Exhibit C-1

Teachers' and State Employees' Retirement System	2024	2023	2022	2021	2020
Proportionate Share Percentage of Collective Net Pension Liability	0.17394%	0.17708%	0.18430%	0.18494%	0.19297%
Proportionate Share of TSERS Collective Net Pension Liability	$ 28,999,247.00	$ 26,282,635.00	$ 8,630,034.00	$ 22,344,445.00	$ 20,005,117.00
Covered Payroll	$ 31,813,174.62	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	91.15%	85.87%	29.26%	76.07%	69.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	2018	2017	2016	2015
Proportionate Share Percentage of Collective Net Pension Liability	0.20397%	0.21208%	0.20752%	0.19784%	0.18850%
Proportionate Share of TSERS Collective Net Pension Liability	$ 20,307,435.00	$ 16,827,362.00	$ 19,073,232.00	$ 7,290,796.00	$ 2,210,014.00
Covered Payroll	$ 29,314,147.85	$ 29,091,907.12	$ 27,658,442.01	$ 26,187,086.06	$ 25,321,054.62
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	69.28%	57.84%	68.96%	27.84%	8.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%	89.51%	87.32%	94.64%	98.24%

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

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

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	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 5,630,767.56	$ 5,529,129.75	$ 5,013,468.12	$ 4,359,366.69	$ 3,809,877.47
Contributions in Relation to the Contractually Determined Contribution	5,630,767.56	5,529,129.75	5,013,468.12	4,359,366.69	3,809,877.47
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 31,920,451.04	$ 31,813,174.62	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16
Contributions as a Percentage of Covered Payroll	17.64%	17.38%	16.38%	14.78%	12.97%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 3,547,956.47	$ 3,160,065.14	$ 2,903,372.33	$ 2,530,747.44	$ 2,396,118.37
Contributions in Relation to the Contractually Determined Contribution	3,547,956.47	3,160,065.14	2,903,372.33	2,530,747.44	2,396,118.37
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 28,868,645.01	$ 29,314,147.85	$ 29,091,907.12	$ 27,658,442.01	$ 26,187,086.06
Contributions as a Percentage of Covered Payroll	12.29%	10.78%	9.98%	9.15%	9.15%

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, 2024

Changes of Benefit Terms:

Cost of Living Increase

Teachers' and State Employees' Retirement System	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
	N/A	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	1.00%

Beginning in fiscal year 2015, with the implementation of GASB Statement No. 68, the above table reflects Cost of Living 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.

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

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

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

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

In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of 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*

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 Eight Fiscal Years* *Page 1 of 2*

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability	0.15859%	0.15510%	0.15764%	0.15607%	0.16571%
Proportionate Share of Collective Net OPEB Liability	$ 42,261,315.00	$ 36,830,465.00	$ 48,734,068.00	$ 43,294,431.00	$ 52,428,497.00
Covered Payroll	$ 31,813,174.62	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	132.84%	120.33%	165.23%	147.39%	181.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability	0.17803%	0.17338%	0.17930%
Proportionate Share of Collective Net OPEB Liability	$ 50,717,589.00	$ 56,845,073.00	$ 78,001,594.00
Covered Payroll	$ 29,314,147.85	$ 29,091,907.12	$ 27,658,442.01
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	173.01%	195.40%	282.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	3.52%	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 Eight Fiscal Years**

Disability Income Plan of North Carolina	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.14945%	0.15260%	0.16035%	0.15916%	0.16750%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 39,748.00	$ 45,395.00	$ (26,192.00)	$ (78,297.00)	$ (72,276.00)
Covered Payroll	$ 31,813,174.62	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16	$ 28,868,645.01
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.12%	0.15%	-0.09%	-0.27%	-0.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.17865%	0.18640%	0.18485%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (54,267.00)	$ (113,928.00)	$ (114,792.00)
Covered Payroll	$ 29,314,147.85	$ 29,091,907.12	$ 27,658,442.01
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-0.19%	-0.39%	-0.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.47%	116.23%	116.06%

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

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

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	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 2,279,120.20	$ 2,191,927.73	$ 1,925,196.24	$ 1,970,268.57	$ 1,900,532.55
Contributions in Relation to the Contractually Determined Contribution	2,279,120.20	2,191,927.73	1,925,196.24	1,970,268.57	1,900,532.55
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 31,920,451.04	$ 31,813,174.62	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16
Contributions as a Percentage of Covered Payroll	7.14%	6.89%	6.29%	6.68%	6.47%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 1,810,064.04	$ 1,773,505.94	$ 1,689,936.01	$ 1,548,872.75	$ 1,437,671.02
Contributions in Relation to the Contractually Determined Contribution	1,810,064.04	1,773,505.94	1,689,936.01	1,548,872.75	1,437,671.02
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 28,868,645.01	$ 29,314,147.85	$ 29,091,907.12	$ 27,658,442.01	$ 26,187,086.06
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	5.60%	5.49%

Disability Income Plan of North Carolina	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 35,112.50	$ 31,813.17	$ 27,546.53	$ 26,545.53	$ 29,374.54
Contributions in Relation to the Contractually Determined Contribution	35,112.50	31,813.17	27,546.53	26,545.53	29,374.54
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 31,920,451.04	$ 31,813,174.62	$ 30,607,253.45	$ 29,495,038.51	$ 29,374,537.16
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 40,416.10	$ 41,039.81	$ 110,549.25	$ 113,399.61	$ 107,367.05
Contributions in Relation to the Contractually Determined Contribution	40,416.10	41,039.81	110,549.25	113,399.61	107,367.05
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered Payroll	$ 28,868,645.01	$ 29,314,147.85	$ 29,091,907.12	$ 27,658,442.01	$ 26,187,086.06
Contributions as a Percentage of Covered Payroll	0.14%	0.14%	0.38%	0.41%	0.41%

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, 2024

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

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

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

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

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

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

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

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

Changes of Assumptions: Consistent with prior years, for the actuarial valuation measured as of June 30, 2023 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.65%, from 3.54% as of June 30, 2022. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next five years. The expected impact from the Inflation Reduction Act on assumed Medicare Advantage rates was included. The terms of the Pharmacy Benefits Management contract effective January 1, 2023 and the terms of the third party administrator contract effective January 1, 2025 were incorporated in the valuation.

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

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

For the DIPNC actuarial valuation as of December 31, 2018, for individuals who may become disabled in the future, the Social Security disability income benefit (which is an offset to the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of the disability. The assumed costs related to the Patient Protection and Affordable Care Act regarding the Health Insurance Provider Fee for the fully insured plans and Excise Tax were removed when those pieces were repealed in December 2019 and first recognized in the 2020 OPEB report.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina’s 2022 *Annual Comprehensive Financial Report*.