CENTRAL PIEDMONT
COMMUNITY COLLEGE

FINANCIAL STATEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2020

23019

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

Members of the Board of Trustees
Central Piedmont Community College
Charlotte, North Carolina

We have audited the accompanying financial statements of Central Piedmont Community College (the "College"), a component unit of the State of North Carolina, and the discretely presented component unit, Central Piedmont Community College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2020 and the related notes to the financial statements which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College and the discretely presented component unit of the College as of June 30, 2020, and the respective changes in its financial position and its cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Charlotte, North Carolina
December 8, 2020

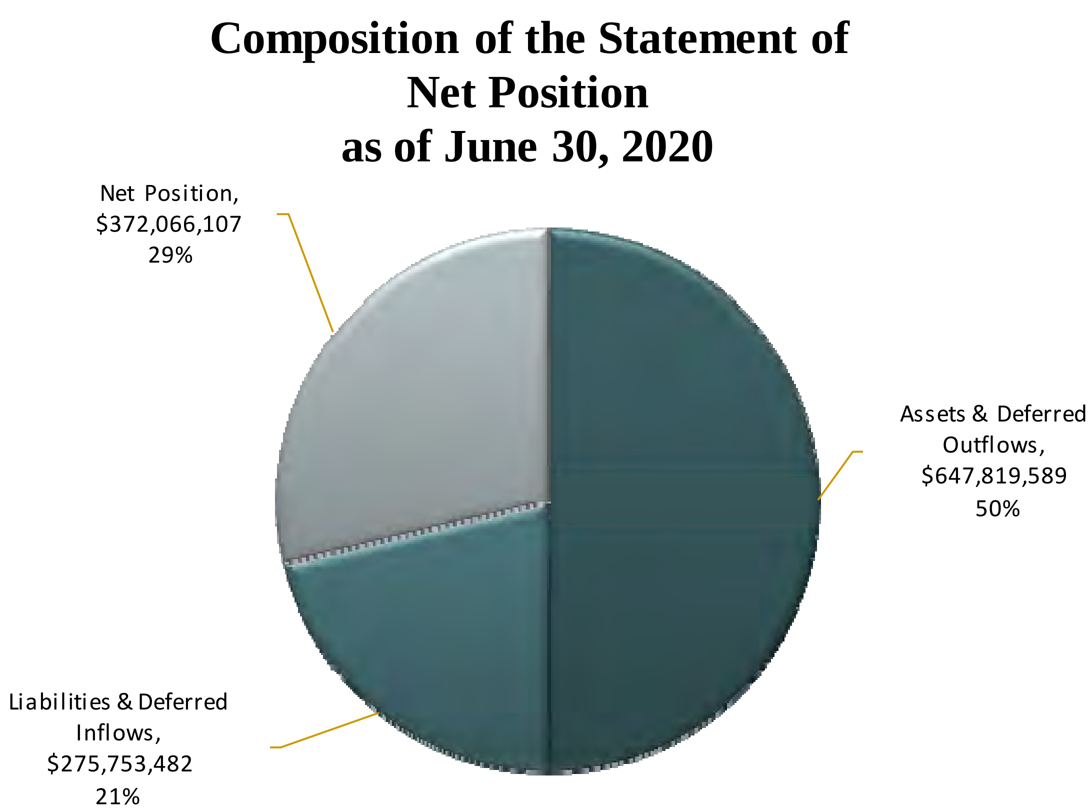
Introduction

The following discussion and analysis provides an overview of the financial position and activities of Central Piedmont Community College (the "College") for the year ended June 30, 2020, with selected comparative information for the year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes to the financial statements which follow this section.

The College is a comprehensive public two-year college serving approximately 70,000 community residents annually and has approximately 2,200 full and part-time employees in eight locations including six campuses in the Charlotte-Mecklenburg region of North Carolina. The College offers a broad range of college transfer, associate, and technical degree programs. The College offers over 300 degree, diploma, and certification programs, customized corporate training, market-focused continuing education, and special interest classes.

Financial Highlights

The College's financial position remained strong as of June 30, 2020. The composition of the College's Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position is presented below.



Financial Highlights (continued)

Changes in net position represent the operating and non-operating activity of the College and are summarized for the years ended June 30, 2020 and 2019 as follows:

	2020	2019	Difference
Operating Revenues	$ 33,752,378	$ 40,870,734	$ (7,118,356)
Operating Expenses	(202,587,292)	(193,180,115)	(9,407,177)
Net Nonoperating Revenues	146,507,034	140,755,371	5,751,663
Capital Aid Revenues	85,017,023	86,152,883	(1,135,860)
Increase in Net Position	$ 62,689,143	$ 74,598,873	$ (11,909,730)

Using the Financial Statements

The College's financial report includes three financial statements:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

These financial statements are prepared in accordance with the Governmental Accounting Standards Board ("GASB") principles.

Statement of Net Position

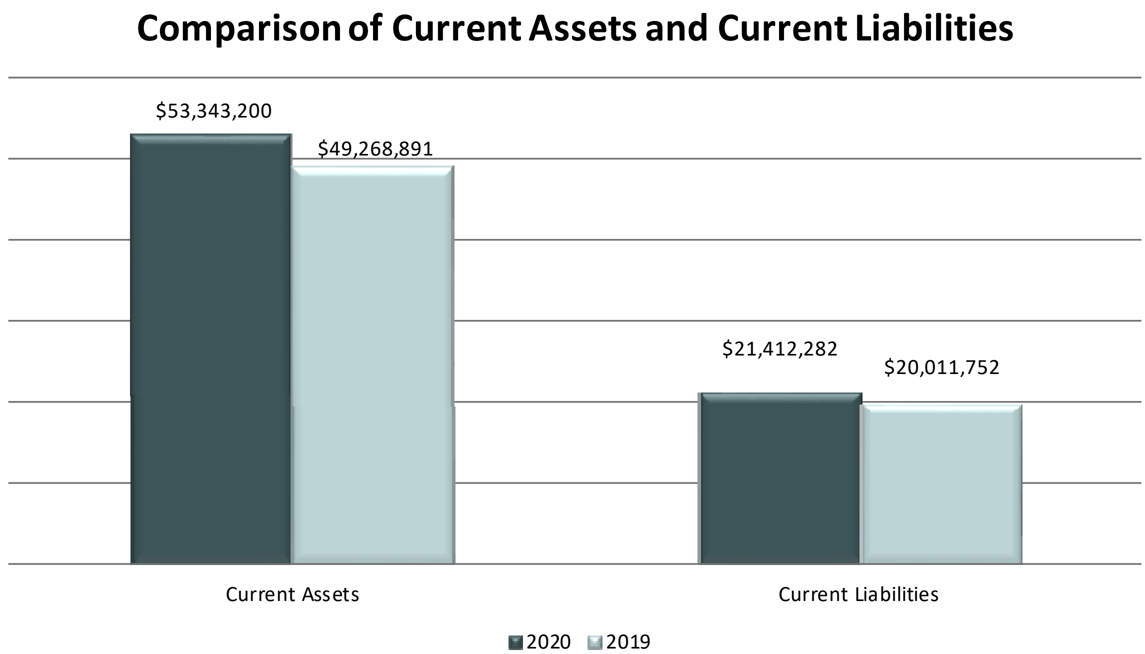
The Statement of Net Position presents the financial position of the College at the end of the fiscal year and includes all assets, deferred inflows and outflows, and liabilities of the College. The difference between total assets plus deferred outflows and total liabilities plus deferred inflows, net position, is one indicator of the current financial position of the College. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.

A summarized comparison of the College's assets, deferred outflows, liabilities, deferred inflows, and net position at June 30, 2020 and 2019, is presented below:

	2020	2019
Current Assets	$ 53,343,200	$ 49,268,891
Capital Assets	555,833,128	496,988,786
Noncapital Assets	181,161	133,515
Deferred Outflows	38,462,100	41,766,375
Current Liabilities	21,412,282	20,011,752
Noncurrent Liabilities	194,605,681	188,299,097
Deferred Inflows	59,735,519	70,469,754
Net Position	372,066,107	309,376,964

Statement of Net Position (continued)

The College's current assets increased $4,074,309 and current liabilities increased $1,400,530. The increase in current assets is primarily attributable to the increase in cash and cash equivalents, and the increase in current liabilities is primarily attributable to the increase in accounts payable for capital projects, including contract retainage payable.



Net Position

Net position represents the residual interest in the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College's net position at June 30, 2020 and 2019 are summarized below:

	2020	2019
Net Investment in Capital Assets	$ 538,168,349	$ 479,465,989
Restricted Expendable	8,257,208	7,529,436
Unrestricted	(174,359,450)	(177,618,461)

Net investment in capital assets represents the College's capital assets of $555,833,128 less related debt of $19,701,899, plus deferred outflows of $2,037,120. Net investment in capital assets increased $58,702,360 or 12.24% due to an increase in construction activity and purchases of additional machinery and equipment. The County bond and PayGo funds are being used to fund several large capital projects at the College.

Statement of Net Position (continued)

The College implemented GASB Statement No. 68*, Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the years ended June 30, 2015 and 2018, respectively. The cumulative impact of the implementation and subsequent annual activity on unrestricted net position at June 30, 2020 and 2019 totaled $204,156,991 and $204,345,812, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the College's results of operations. Below is a summarized comparison of the College's revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019:

	2020	2019	Difference
Operating Revenues:			
Student Tuition and Fees, Net	$ 23,612,042	$ 29,525,056	$ (5,913,014)
Sales and Services and Other	10,140,336	11,345,678	(1,205,342)
Total Operating Revenues	33,752,378	40,870,734	(7,118,356)
Operating Expenses	202,587,292	193,180,115	9,407,177
Operating Loss	(168,834,914)	(152,309,381)	(16,525,533)
Nonoperating Revenues (Expenses)			
State Aid	66,785,019	66,550,977	234,042
County Appropriations	37,884,035	36,765,175	1,118,860
Noncapital Grants and Contributions	42,171,696	37,532,384	4,639,312
Capital Aid and Contributions	85,017,023	86,152,883	(1,135,860)
Interest and Fees on Debt	(563,084)	(626,982)	63,898
Investment Income	622,334	620,290	2,044
Other Nonoperating Expenses	(392,966)	(86,473)	(306,493)
Net Nonoperating Revenues	231,524,057	226,908,254	4,615,803
Increase in Net Position	62,689,143	74,598,873	(11,909,730)
Net Position, Beginning of Year	309,376,964	234,778,091	74,598,873
Net Position, End of Year	$ 372,066,107	$ 309,376,964	$ 62,689,143

One of the College's strengths is its alternative sources of revenues. Grants, appropriations, and allocations from Federal, County, and State sources supplement student tuition and fees. The College will continue to strategically seek alternative funding from those sources. This is consistent with the College's objective of strategic stewardship of financial and facility resources.

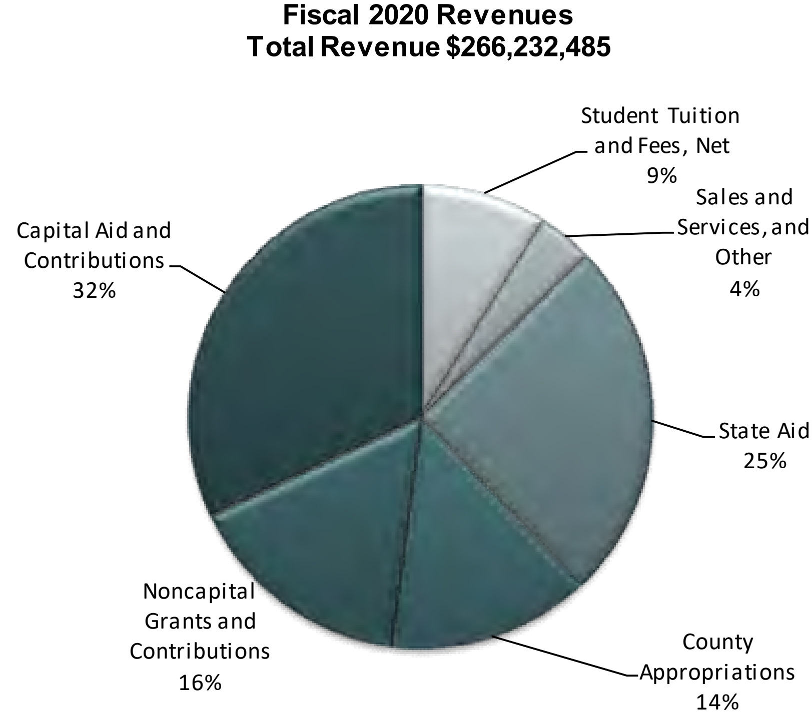
While tuition and fees and State and County appropriations fund a large percentage of College costs, private support has been, and will continue to be, essential.

The College continues to make revenue diversification, along with cost containment, an ongoing effort. This is necessary as the College continues to face financial pressures, particularly in the areas of compensation and benefits, energy, and technology costs.

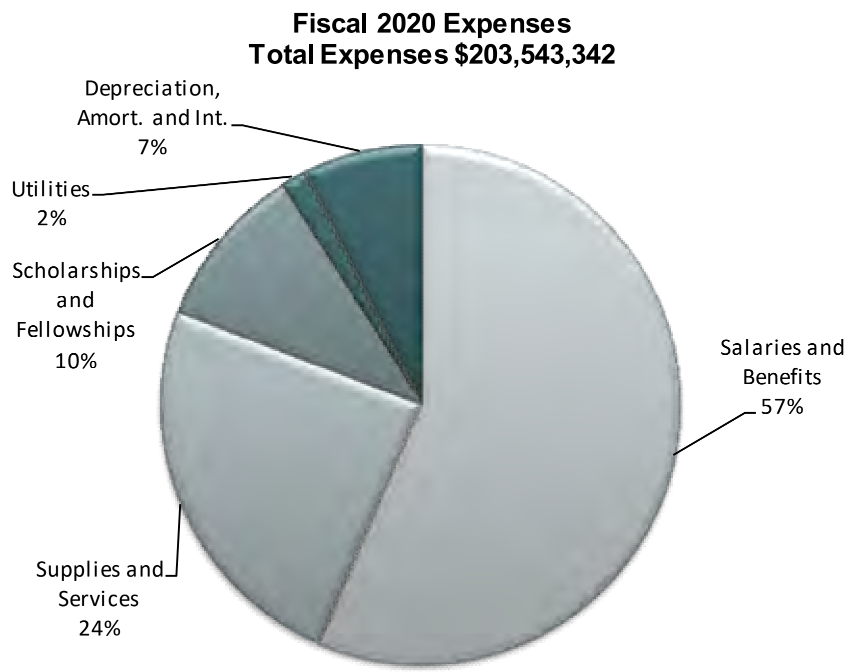
Tuition and fees and State appropriations are the primary sources of funding for the College's academic programs. County funding is vital and allows the College to continue with its long-term capital plan, its deferred maintenance plan, and significant construction projects.

Statement of Revenues, Expenses, and Changes in Net Position (continued)

The composition of the College's revenues is as follows:

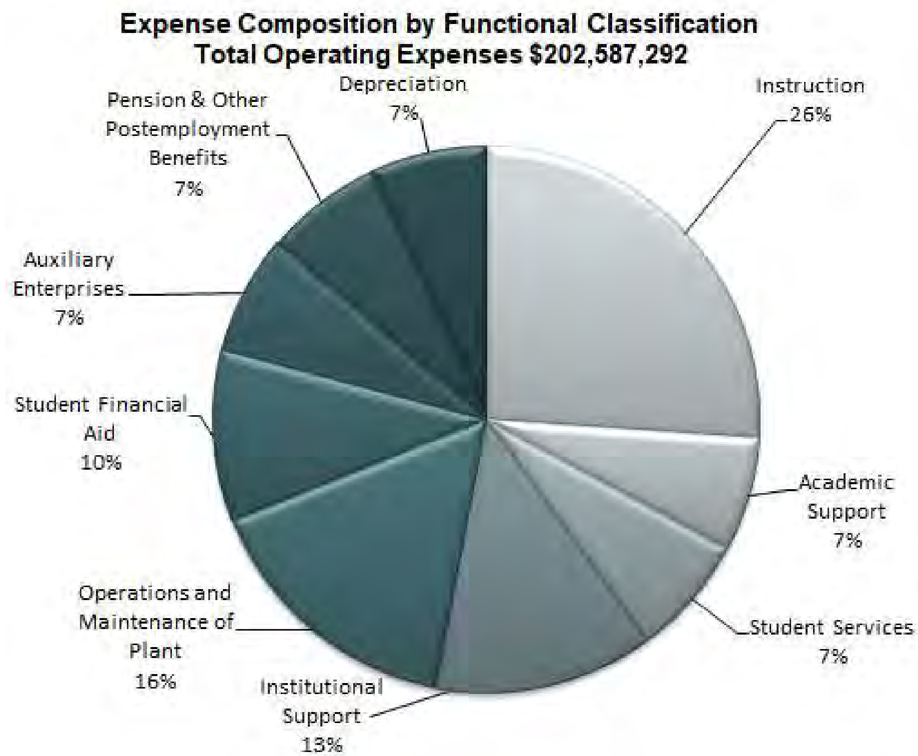


The composition of the College's expenses by natural classification is as follows:



Statement of Revenues, Expenses, and Changes in Net Position (continued)

In addition to natural (object) classification, it is also informative to review operating expenses by function. The composition of the College's expenses by functional classification, excluding interest expense, for the year ended June 30, 2020, is as follows:



Capital Activities

The College was able to maintain its capital activity during fiscal 2020 due to County funding and continued new construction and building improvements. Using proceeds from County-sponsored bond issuances and other funding sources, the College expended $73,224,207 on capital asset projects in 2020 as compared to $78,483,572 in 2019. Capital asset projects primarily are comprised of replacement and renovation of existing buildings and new construction of academic facilities. Current construction in progress totals $83,153,777.

Economic Factors that will Affect the Future

Management believes the College is well-positioned to maintain its strong financial condition and level of excellent service to the community. A critical element to the College's future will continue to be our relationship with the State of North Carolina, as we work together to manage tuition costs while simultaneously providing a quality college education. There is a direct relationship between the growth of State and County support and the College's ability to expand and meet the needs of Mecklenburg County's citizens. While the State of North Carolina continues to enthusiastically support the Community College System, economic pressures affecting the State may also affect the State's future support of the College.

Economic Factors that will Affect the Future (continued)

In response to the coronavirus pandemic emergency, actions are being taken by the College to reduce the spread of the coronavirus disease ("COVID-19") and to provide for the health and safety of students, faculty, and staff. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act includes various relief and recovery aid programs to address COVID-19 expenses and the costs incurred and revenue lost due to the actions taken to reduce the spread of COVID-19. One of the relief programs includes emergency student aid. The College was awarded a total of $5,393,777, of which $3,195,150 was awarded to students in for the form of emergency aid funds as of June 30, 2020. The College was also awarded $5,393,777 for costs associated with the significant changes in instruction delivery and other costs related to COVID-19. As of June 30, 2020, the College had expended $671,686 of those funds.

The College will continue to execute its long-range plan to modernize and expand its campus infrastructure and facilities. Mecklenburg County officials passed a $210 million bond referendum on November 5, 2013. The County authorized an additional $70 million in capital funding for potential total capital funding of $280 million that was available as of July 2014. In March 2016, North Carolina voters approved the passage of the ConnectNC Bond Package. The College's portion of the bond proceeds is approximately $9.6 million and became available in September 2016.

On June 20, 2017, Mecklenburg County officials passed a $1.5 billion Capital Improvement Plan. Within the plan, the College was allocated $151.1 million of those funds. The majority of those funds will be used to construct a new Learning Resource Center on Central Campus to support more than 3,500 students and middle-skill occupational programs. The projects will be funded by the County's PayGo Fund. Capital funding will continue to be a source of support for the College's long-range capital plan.

While it is not possible to precisely predict future results, management believes the College's financial position is strong enough to withstand economic uncertainties.

Central Piedmont Community College
Statement of Net Position
June 30, 2020

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 40,366,653
Restricted Cash and Cash Equivalents	2,376,606
Receivables, Net (Note 4)	9,796,460
Due from Community College Component Units	335,153
Inventories	285,038
Prepaid Items	183,290
Total Current Assets	53,343,200
Noncurrent Assets:	
Net Other Postemployment Benefits Asset	181,161
Capital Assets - Nondepreciable (Note 5)	117,536,231
Capital Assets - Depreciable, Net (Note 5)	438,296,897
Total Noncurrent Assets	556,014,289
Total Assets	609,357,489
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions (Note 13)	20,081,628
Deferred Outflows Related to Other Postemployment Benefits (Note 14)	16,343,352
Deferred Outflows to Others (Note 7)	2,037,120
Total Deferred Outflows of Resources	38,462,100
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 6)	16,975,338
Unearned Revenue	2,039,861
Funds Held for Others	279,749
Long-Term Liabilities - Current Portion (Note 7)	2,117,334
Total Current Liabilities	21,412,282
Noncurrent Liabilities:	
Unearned Revenue	1,226,667
Long-Term Liabilities (Note 7)	193,379,014
Total Noncurrent Liabilities	194,605,681
Total Liabilities	216,017,963
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions (Note 13)	1,285,747
Deferred Inflows Related to Other Postemployment Benefits (Note 14)	58,449,772
Total Deferred Inflows of Resources	59,735,519

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

NET POSITION	
Net Investment in Capital Assets	538,168,349
Restricted:	
Expendable:	
Loans	418
Capital Projects	8,075,629
Other	181,161
Unrestricted	(174,359,450)
Total Net Position	$ 372,066,107

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

Central Piedmont Community College
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020 ***Exhibit A-2***

OPERATING REVENUES	
Student Tuition and Fees, Net (Note 10)	$ 23,612,042
Sales and Services, Net (Note 10)	10,004,619
Other Operating Revenues	135,717
Total Operating Revenues	33,752,378
OPERATING EXPENSES	
Salaries and Benefits	114,885,530
Supplies and Services	49,549,698
Scholarships and Fellowships	20,897,924
Utilities	3,322,144
Depreciation/Amortization	13,931,996
Total Operating Expenses	202,587,292
Operating Loss	(168,834,914)
NONOPERATING REVENUES (EXPENSES)	
State Aid	66,777,019
State Aid - Coronavirus Relief Fund (Note 17)	8,000
County Appropriations	37,884,035
Noncapital Grants - Student Financial Aid	30,257,887
Noncapital Grants	5,658,168
Federal Aid - COVID-19 (Note 17)	3,866,836
Noncapital Contributions	2,388,805
Investment Income	622,334
Interest and Fees on Debt	(563,084)
Other Nonoperating Expenses	(392,966)
Net Nonoperating Revenues	146,507,034
Loss Before Other Revenues	(22,327,880)
State Capital Aid	2,877,192
County Capital Aid	82,102,831
Capital Contributions	37,000
Total Other Revenues	85,017,023
Increase in Net Position	62,689,143
NET POSITION	
Net Position - July 1, 2019	309,376,964
Net Position - June 30, 2020	$ 372,066,107

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

Central Piedmont Community College
Statement of Cash Flows — *Exhibit A-3*
For the Fiscal Year Ended June 30, 2020 — *Page 1 of 2*

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 33,929,836
Payments to Employees and Fringe Benefits	(115,256,030)
Payments to Vendors and Suppliers	(52,273,078)
Payments for Scholarships and Fellowships	(20,897,924)
Other Receipts	274,835
Net Cash Used by Operating Activities	(154,222,361)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid	66,777,019
State Aid - Coronavirus Relief Fund	8,000
County Appropriations	37,884,035
Student Financial Aid	30,257,887
Federal Aid - COVID-19	3,866,836
Noncapital Grants	5,658,168
Noncapital Contributions	2,263,989
Net Cash Provided by Noncapital Financing Activities	146,715,934
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
State Capital Aid	2,877,192
County Capital Aid	82,102,831
Capital Contributions	37,000
Proceeds from Insurance on Capital Assets	248,107
Acquisition and Construction of Capital Assets	(73,224,207)
Principal Paid on Capital Debt and Leases	(1,267,159)
Interest and Fees Paid on Capital Debt and Leases	(563,084)
Net Cash Provided by Capital Financing and Related Financing Activities	10,210,680
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	622,334
Net Cash Provided by Investing Activities	622,334
Net Increase in Cash and Cash Equivalents	3,326,587
Cash and Cash Equivalents - July 1, 2019	39,416,672
Cash and Cash Equivalents - June 30, 2020	$ 42,743,259

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

Central Piedmont Community College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (168,834,914)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	13,931,996
Other Nonoperating Income	924,919
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(492,130)
Inventories	(44,473)
Prepaid Items	204,714
Net Other Postemployment Benefits Asset	(47,646)
Deferred Outflows Related to Pensions	8,114,428
Deferred Outflows Related to Other Postemployment Benefits	(5,101,170)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	319,220
Unearned Revenue	70,455
Funds Held for Others	(50,951)
Net Pension Liability	(206,675)
Net Other Postemployment Benefits Liability	7,786,477
Compensated Absences	(62,376)
Deferred Inflows Related to Pensions	522,270
Deferred Inflows Related to Other Postemployment Benefits	(11,256,505)
Net Cash Used by Operating Activities	$ (154,222,361)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Assets Acquired through the Assumption of a Liability	$ 12,104,166
Assets Acquired through a Gift	$ 37,000
Loss on Disposal of Capital Assets	$ (1,565,992)

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

Central Piedmont Community College Foundation
Statement of Financial Position
June 30, 2020 — *Exhibit B-1*

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	$ 304,822	$ -	$ 304,822
Restricted cash and cash equivalents	-	3,631,672	3,631,672
Contributions receivable	143,755	8,595,490	8,739,245
Investments	11,622,816	34,043,667	45,666,483
Rent receivable	46,845	64,892	111,737
Real estate held under operating leases	3,070,912	190,272	3,261,184
Property held for sale	457,000	695,000	1,152,000
Other assets	301,068	96,756	397,824
Total Assets	$ 15,947,218	$ 47,317,749	$ 63,264,967
LIABILITIES			
Accounts payable and accrued expenses	$ 313,991	$ 93,197	$ 407,188
Unearned special event income	143,000	-	143,000
Obligations under annuity agreements	-	216,043	216,043
Note payable	1,810,341	-	1,810,341
Total Liabilities	2,267,332	309,240	2,576,572
NET ASSETS			
Without Donor Restrictions:	13,679,886	-	13,679,886
With Donor Restrictions	-	47,008,509	47,008,509
Total Net Assets	13,679,886	47,008,509	60,688,395
Total Liabilities and Net Assets	$ 15,947,218	$ 47,317,749	$ 63,264,967

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

Central Piedmont Community College Foundation
Statement of Activities
For the Fiscal Year Ended June 30, 2020 *Exhibit B-2*

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support:			
Contributions and grants	$ 428,291	$ 6,249,414	$ 6,677,705
Donated services	1,113,564	-	1,113,564
In-kind contributions	27,911	104,575	132,486
Special event income	115,983	-	115,983
Net investment return	201,716	-	201,716
Rental income	243,575	60,358	303,933
Other income	17,807	-	17,807
Total Support	2,148,847	6,414,347	8,563,194
Revenue:			
Change in value of contribution receivable	18,866	191,681	210,547
Change in value of annuity obligations	-	(44,973)	(44,973)
Net assets released from restrictions:			
Investment return released for current operations from donor-restricted endowment and other reclassifications	797,999	(797,999)	-
Other net assets released from restrictions	2,557,293	(2,557,293)	-
Total Revenue	3,374,158	(3,208,584)	165,574
Total Revenue, Gains, and Other Support	5,523,005	3,205,763	8,728,768
EXPENSES AND LOSSES			
Expenses:			
Program expenses	4,320,977	-	4,320,977
Fundraising expenses	1,067,378	-	1,067,378
Management and general	345,727	-	345,727
Total Expenses	5,734,082	-	5,734,082
Change in Net Assets from Operations	(211,077)	3,205,763	2,994,686
Nonoperating Activities:			
Net Investment Return	165,630	319,731	485,361
Change in Net Assets	(45,447)	3,525,494	3,480,047
NET ASSETS			
Net Assets at Beginning of Year	13,725,333	43,483,015	57,208,348
Net Assets at End of Year	$ 13,679,886	$ 47,008,509	$ 60,688,395

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

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 ("U.S. GAAP"), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Central Piedmont Community College (the "College" or "Central Piedmont") is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds of the College and its component units 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. The College's discretely presented component unit's financial data is reported in separate financial statements because of its use of different U.S. GAAP reporting models and to emphasize its legal separateness.

Blended Component Units - Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- Central Piedmont Community College Services Corporation, Inc. - This organization manages projects for the College, including the Harris Conference Center, the Center for Applied Research, Performing Arts Facilities, and various other projects.
- WTVI Foundation, Inc. - This organization provides funding to support the activities of WTVI, a public telecommunications station operated by the College.

Condensed combining information regarding blended component units is provided in Note 19.

Discretely Presented Component Unit – Central Piedmont Community College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt 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 fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which 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.

Financial statements for the College and its discretely presented component unit are presented as of and for the fiscal year ended June 30, 2020. The audited financial statements for the Foundation can be obtained from Central Piedmont Community College Foundation, Inc., PO Box 35009, Charlotte, NC 28235-5009.

B. **Basis of Presentation** - The accompanying financial statements are presented in accordance with U.S. GAAP as prescribed by 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*, 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 contributions. 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, savings accounts, money market accounts, overnight repurchase agreements, 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.

E. **Restricted Cash and Cash Equivalents** - This classification includes undeposited receipts, cash on deposit with private bank accounts, savings accounts, and deposits restricted for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

F. **Receivables** - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and capital construction reimbursements receivable. Receivables also include WTVI program underwriting, tower rental, production services, and Federal Communication Commission repack receivables. Receivables are recorded net of estimated uncollectible amounts. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the accounts receivable portfolio.

G. **Inventories** - Inventories, consisting of expendable supplies, are valued at cost using the last invoice cost method. Merchandise for resale is valued at the lower of cost or market using the retail inventory method.

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

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 except for internally generated software which is capitalized when the value or cost is $1,000,000 or greater and other intangible assets which are capitalized when the value or cost is $100,000 or greater. Library books are generally not considered to have a useful life of more than one year unless part of a collection and are expensed in the year of acquisition.

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

Asset Class	Estimated Useful Life
Buildings	10 - 100 years
Machinery and Equipment	2 - 30 years
General Infrastructure	10 - 75 years
Art, Literature, and Artifacts	2 - 25 years

I. **Deferred Outflows/Inflows of Resources** – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Certain deferred outflows consists of the loss related to the sale-leaseback transaction on a Central Piedmont Parking Deck. The deferred outflow expense will be recognized into expense over the term of the lease.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until then.

Deferred outflows and inflows of resources related to the pension plan and other postemployment benefits ("OPEB") plans are further discussed in Notes 13 and 14.

J. **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.

K. **Noncurrent Long-Term Liabilities** - Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Long-term debt includes notes from direct borrowings and capital leases payable. Other long-term liabilities include compensated absences, net pension liability, and net OPEB liability.

The net pension liability represents the College's proportionate share of the collective net pension liability reported in the State of North Carolina's 2019 *Comprehensive Annual 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 13 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 2019 *Comprehensive Annual 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 14 for further information regarding the College's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

L. **Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each 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 June 30 plus the leave earned, less the leave taken between July 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on June 30 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

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

M. **Funds Held for Others** - Funds Held for Others consist primarily of balances that have not yet been disbursed to the respective third party.

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

Net Investment in Capital Assets - This represents the College's total investment in capital assets, net of outstanding liabilities and debt related to those capital assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position.

Restricted Net Position - **Nonexpendable** - Nonexpendable restricted net position includes endowments and similar type assets whose use is limited by donors or other outside sources, and, as a condition of the gift, the principal is to be maintained in perpetuity. The College had no Restricted Net Position – Nonexpendable as of June 30, 2020.

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 (Deficit) - Unrestricted net position (deficit) includes resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income. It also includes the net position (deficit) of accrued employee benefits such as compensated absences, pension plans, and OPEB.

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 (deficit).

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

P. Revenue and Expense Recognition - The College classifies its revenues and expenses as operating, nonoperating, or capital contributions and gifts 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 contributions to the College, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

Q. **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 WTVI, Campus Printing, the Harris Conference Center, the Center for Applied Research, and the Academic and Performing Arts Center. In addition, the College has other miscellaneous sales and service units that operate 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.

R. **County Appropriations** - County appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, deferred maintenance, motor vehicle purchases, and maintenance of buildings and equipment. Unexpended county current appropriations revert back to the County at year-end.

NOTE 2 - DEPOSITS AND INVESTMENTS

College - The College is required by *North Carolina General Statute* 147-77 to deposit any funds collected or received that belong to the State of North Carolina with the State Treasurer or with a depository institution in the name of the State Treasurer. All funds of the College, other than those required to be deposited with the State Treasurer, are deposited in board-designated official depositories and are required to be collateralized in accordance with *North Carolina General Statute* 115D-58.7. Official depositories may be established with any bank, savings and loan association, or trust company whose principal office is located in North Carolina. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. The amount shown on the Statement of Net Position as cash and cash equivalents at June 30, 2020 includes cash on hand totaling $17,675, and deposits in private financial institutions with a carrying value of $13,963,962 and a bank balance of $14,846,180.

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, 2020, 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, 2020, the amount shown on the Statement of Net Position as cash and cash equivalents includes $28,761,622 which represents the College's equity position in the State Treasurer's Short-Term Investment Fund. 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 1.3 years as of June 30, 2020. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

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

The following is an analysis of investments, as of June 30, 2020, by type:

	Cost	Market
Cash	$ 2,557,400	$ 2,557,400
Money Market Funds	7,928,928	8,812,504
Private Investment Funds	30,646,436	34,296,579
Total Investments	$ 41,132,764	$ 45,666,483

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits.

NOTE 3 - FAIR VALUE MEASUREMENTS

College - To the extent available, the College's investments are recorded at fair value as of June 30, 2020. 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 with unobservable inputs that may require a degree of professional judgment.

Short-Term Investment Fund - At year-end, all of the College's investments valued at $28,761,622 were held in the STIF which is a Level 2 investment. 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. Pooled investments are measured at fair value in accordance with GASB 72. The College's position in the pool is measured and reported at fair value. As discussed in Note 2, this amount is classified as cash and cash equivalents in the Statement of Net Position.

Component Units - The following table summarizes the valuation of the College's discreetly presented component unit's financial assets and liabilities measured at fair value as of June 30, 2020, based on the level of input utilized to measure fair value:

	Fair Value Measurements at June 30, 2020 Using:			
	Level 1	Level 2	Level 3	Total
Measurement on a recurring basis:				
Short-term Investments:				
Cash and Cash Equivalents	$ -	$ 2,357,400	$ -	$ 2,357,400
Money Market Funds	276,964	-	-	276,964
Designated investments:				
Cash and Cash Equivalents		200,000	-	200,000
Money Market Funds	8,265,997	-	-	8,265,997
Assets held under annuity agreements:				
Private Investment Funds:				
Equity Funds (1)	-	-	-	576,834
Bond Funds (1)	-	-	-	190,653
Endowment assets:				
Money Market Funds	269,543	-	-	269,543
Private Investment Funds:				
Equity Funds (1)	-	-	-	24,661,317
Bond Funds (1)	-	-	-	8,150,959
Private Equity (1)	-	-	-	469,022
Venture Capital (1)	-	-	-	247,794
Total Investments	$ 8,812,504	$ 2,557,400	$ -	$ 45,666,483
Contributions receivable	$ -	$ -	$ 8,739,245	$ 8,739,245
Obligations under annuity agreements	$ -	$ -	$ 216,043	$ 216,043

(1) In accordance with U.S. GAAP, certain investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

For investments in entities that calculate NAV or its equivalent whose fair value is not readily determinable, the following table provides information about the probability of investments being sold at amounts different from net asset value per share for the year ended June 30, 2020:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity fund [a]	$25,238,151	$ -	monthly	5 days
Bond fund [b]	8,341,612	-	monthly	5 days
Private equity [c]	433,742	794,730	n/a	n/a
Private equity [d]	35,280	1,434,720	n/a	n/a
Venture capital [e]	201,450	301,250	n/a	n/a
Venture capital [f]	46,344	585,900	n/a	n/a
Total	$34,296,579	$ 3,116,600		

[a] Utilizing a fund-of-funds and/or manager-of-managers approach, this fund seeks to outperform the broad U.S. equity market and allocates assets across a broad spectrum of equity and equity related strategies. The majority of the assets in the fund are directly or indirectly in a portfolio of common stocks, and securities convertible into common stocks, of U.S. companies. The fund diversifies its portfolio by allocating assets to common stocks and other equity and equity-related securities of non-U.S. companies in both developed and emerging markets, and investing in hedge funds that seek opportunities in domestic and non-U.S. markets for equity-type returns with low correlation to the equity markets.

[b] Utilizing a fund-of-funds and/or manager-of-managers approach, this fund seeks to outperform the broad U.S. bond market and allocates assets across a broad spectrum of fixed income sectors. The majority of the assets in the fund are directly or indirectly in dollar-denominated investment grade bonds and other fixed income securities. The fund diversifies its portfolio by allocating assets to other fixed income securities and strategies, including but not limited to global bonds, inflation indexed bonds, high yield bonds, emerging markets debt, and opportunistic fixed income strategies.

[c] Partnership that commenced operations on April 7, 2017 and invests in three affiliated limited partnerships that make equity capital investments primarily in emerging growth companies, domestic and international private equity investments with the objective of obtaining long-term capital growth and in equity securities, warrants, or other options that are generally not actively traded at the time of investment. The partnership is scheduled to terminate on April 7, 2029, unless terminated earlier or extended in accordance with the partnership agreement.

[d] Partnership that commenced operations on February 27, 2020 and invests in three affiliated limited partnerships that make equity capital investments primarily in emerging growth companies, domestic and international private equity investments with the objective of obtaining long-term capital growth and in equity securities, warrants, or other options that are generally not actively traded at the time of investment. The partnership is scheduled to terminate on February 27, 2032, unless terminated earlier or extended in accordance with the partnership agreement.

[e] Partnership that commenced operations on August 25, 2017 and primarily seeks to achieve long-term capital appreciation and invests globally in venture capital investments and target investments on either a primary or secondary basis. The partnership is scheduled to terminate on March 23, 2029, unless terminated earlier or extended in accordance with the partnership agreement.

[f] Partnership that commenced operations on December 18, 2019 and primarily seeks to achieve long-term capital appreciation and invests globally in venture capital investments and target investments on either a primary or secondary basis. The partnership is scheduled to terminate on December 18, 2031, unless terminated earlier or extended in accordance with the partnership agreement.

NOTE 4 - RECEIVABLES

College - At June 30, 2020, receivables were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,917,169	$ 610,276	$ 1,306,893
Accounts	2,004,020	117,731	1,886,289
Construction	6,603,278	-	6,603,278
Total Receivables	$ 10,524,467	$ 728,007	$ 9,796,460

Component Unit - The College's discretely presented component unit, the Foundation, had unconditional contributions receivable that are expected to be realized in the following periods as of June 30, 2020:

In One Year or Less	$ 1,523,697
Between One and Five Years	6,640,324
Five to Ten Years	194,000
Ten Years and Thereafter	1,000,000
	9,358,021
Less:	
Allowance for Uncollectible Contributions Receivable	-
Discount to Net Present Value	(618,776)
Contributions Receivable, Net	$ 8,739,245

NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2020, is presented as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets, Nondepreciable:				
Land and Permanent Easements	$ 34,410,775	$ -	$ 28,321	$ 34,382,454
Construction in Progress	139,432,955	70,200,343	126,479,521	83,153,777
Total Capital Assets, Nondepreciable	173,843,730	70,200,343	126,507,842	117,536,231
Capital Assets, Depreciable:				
Buildings	388,861,699	126,582,818	6,771,772	508,672,745
Machinery and Equipment	33,175,249	4,023,689	458,594	36,740,344
Art, Literature, and Artifacts	647,369	15,000	-	662,369
General Infrastructure	23,978,670	-	-	23,978,670
Total Capital Assets, Depreciable	446,662,987	130,621,507	7,230,366	570,054,128
Less Accumulated Depreciation/Amortization for:				
Buildings	100,700,756	10,609,540	5,361,150	105,949,146
Machinery and Equipment	15,246,230	2,614,231	331,546	17,528,915
Art, Literature, and Artifacts	150,710	16,903	-	167,613
General Infrastructure	7,420,235	691,322	-	8,111,557
Total Accumulated Depreciation	123,517,931	13,931,996	5,692,696	131,757,231
Total Capital Assets, Depreciable, Net	323,145,056	116,689,511	1,537,670	438,296,897
Capital Assets, Net	$ 496,988,786	$ 186,889,854	$ 128,045,512	$ 555,833,128

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2020 were as follows:

	Balance
Accounts Payable	$ 3,230,379
Accounts Payable - Capital Assets	6,797,898
Accrued Payroll	1,640,793
Contract Retainage	5,306,268
Total Accounts Payable and Accrued Liabilities	$ 16,975,338

NOTE 7 - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities - A summary of changes in the long-term liabilities for the year ended June 30, 2020 is presented as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Long-Term Debt					
Notes from Direct Borrowings	$ 6,106,420	$ -	$ 800,507	$ 5,305,913	$ 831,632
Capital Leases Payable	2,758,473	-	466,652	2,291,821	423,207
Total Long-Term Debt	8,864,893	-	1,267,159	7,597,734	1,254,839
Other Long-Term Liabilities					
Compensated Absences	6,933,375	4,427,748	4,490,124	6,870,999	862,495
Net Pension Liability (Note 13)	50,057,224	-	206,675	49,850,549	-
Net OPEB Liability (Note 14)	123,390,589	7,786,477	-	131,177,066	-
Total Other Long-Term Liabilities	180,381,188	12,214,225	4,696,799	187,898,614	862,495
Total Long-Term Liabilties	$ 189,246,081	$ 12,214,225	$ 5,963,958	$ 195,496,348	$ 2,117,334

B. Notes from Direct Borrowings - The College was indebted for notes from direct borrowings for the purposes shown in the following table:

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2020	Principal Outstanding June 30, 2020
Guaranteed Energy Savings Contract #1	SunTrust Equipment Financing & Leasing Corp.	4.09%	9/1/2023	$ 3,626,784	$ 2,256,258	$ 1,370,526
Guaranteed Energy Savings Contract #2	Bank of America Public Capital Corp.	2.64%	10/15/2028	6,457,918	2,522,531	3,935,387
Total Notes from Direct Borrowings				$ 10,084,702	$ 4,778,789	$ 5,305,913

The Energy Management Contract Notes Payable represent a financial arrangement with a Financial Institution to finance the construction of services, systems, and facilities designed to reduce energy consumption and costs in specific buildings owned and operated by the College.

The annual requirements to pay principal and interest on notes from direct borrowings at June 30, 2020 are as follows:

	Note Payable		Capital Lease Obligation	
Fiscal Year	Principal	Interest	Principal	Interest
2021	$ 831,632	$ 147,420	$ 423,207	$ 86,309
2022	862,898	119,229	416,774	70,360
2023	900,435	89,781	367,898	54,664
2024	578,620	63,724	361,663	40,923
2025	473,653	50,585	355,367	27,192
2026-2030	1,658,675	75,663	366,912	20,654
Total	$ 5,305,913	$ 546,402	$ 2,291,821	$ 300,102

C. **Capital Leases Payable** - During the year ended June 30, 2013, at the request of Mecklenburg County (the "County"), Central Piedmont transferred the deed to its parking deck at the corner of Charlottetown Avenue and East 4th Street to the County. Central Piedmont continues to be obligated to repay the County for the County's bond proceeds used to fund the construction of the parking deck, however, in connection with the transfer of the deed, Central Piedmont entered into a lease agreement with the County which calls for annual lease payments of $1 and a bargain purchase option of $1 at the end of the lease term in March 2027. Central Piedmont retains the rights to use and operate the deck and repays the County from parking fees earned. The College payments are due quarterly in arrears. The parking deck was constructed via County issued Variable Rate Certificates of Participation (2005 and 2007A Mecklenburg County) of which a portion was used to fund the parking deck construction.

The substance of the transaction created a capital lease obligation whereby the principal and interest payments on the existing obligation to the County are considered to be the lease payments. At the transaction date, the College removed the net book value of the parking deck from capital assets and recorded a new capital asset based on the present value of future minimum lease payments. The difference between the net book value of the prior capital asset, the book value of the new capital asset, the carrying value of the note payable to the County, and the present value of the future capital lease payments has been recorded as a deferred outflow and will be amortized on a straight-line basis over the term of the lease agreement. As of June 30, 2020, the deferred outflow amount was $2,037,120.

The parking deck acquired under capital lease amounted to $5,812,102. Depreciation for the capital assets associated with capital leases is included in depreciation expense. Accumulated depreciation for assets acquired under capital lease totaled $1,028,381 at June 30, 2020.

NOTE 8 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2020:

Fiscal Year	Amount
2021	$ 1,090,273
2022	1,089,587
2023	633,213
2024	540,004
2025	444,760
2026-2030	1,600,000
Total Minimum Lease Payments	$ 5,397,837

Mecklenburg County leases the building and land used for WTVI operations to the College for $1 per year. The lease expires in 2062. For financial reporting purposes, the rental expense of the facilities is recorded at its estimated fair value of $605,550 for the fiscal year ended June 30, 2020, and is offset by an equal amount of support from the County. Leasehold improvements to the land and building are reflected in the Statement of Net Position. The estimated insured value of the operating facility (excluding contents), broadcast towers and land is approximately $6,000,000.

Rental expense for all operating leases during the year was $1,355,910, which does not include the estimated fair value of the in-kind contribution from Mecklenburg County discussed above.

NOTE 9 - NET POSITION

The deficit in unrestricted net position of $(174,359,450) has been significantly affected by transactions that resulted in the recognition of deferred outflows of resources and deferred inflows of resources. A summary of the balances reported within unrestricted net position relating to the reporting of net pension liability and net OPEB liability, and the related deferred outflows of resources and deferred inflows of resources is presented as follows:

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	$ (31,054,668)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(173,283,486)
Effect on Unrestricted Net Position	(204,338,154)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	29,978,704
Total Unrestricted Net Position	$ (174,359,450)

See Notes 13 and 14 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 for the year ended June 30, 2020 is presented as follows:

	Gross Revenues	Less Internal Sales Eliminations	Less Scholarship Discounts and Allowances	Less Bad Debt Expense	Net Revenues
Operating Revenues:					
Student Tuition and Fees	$ 38,606,891	$ -	$ 14,996,923	$ (2,074)	$ 23,612,042
Sales and Services:					
Sales and Services of Auxiliary Enterprises					
Student Union Services	$ 1,409,061	$ -	$ -	$ -	$ 1,409,061
Parking and Security Fee	2,844,814	-	-	-	2,844,814
Bookstore and Vending Commissions	1,181,727	-	-	-	1,181,727
WTVI	3,146,695	409,588	-	-	2,737,107
Harris Conference Center	795,187	5,749	-	-	789,438
Theatre and The Arts	606,758	6,321	-	-	600,437
Center for Applied Research	68,611	1,725	-	-	66,886
Other Campus Service Centers	607,890	311,463	-	-	296,427
Other Sales and Services	78,722	-	-	-	78,722
Total Sales and Services	$ 10,739,465	$ 734,846	$ -	$ -	$ 10,004,619

NOTE 11 - LEASE REVENUE

Central Piedmont receives rental revenue as lessor of broadband capacity, tower space, and excess Instruction Television Fixed Service airtime. Revenue related to the lease of broadband capacity is included in Other Nonoperating Revenues, Net of Expenses and revenue related to tower space and Instructional Television Fixed Service airtime is located in Sales and Services, Net.

Future minimum lease revenues under the noncancelable broadband lease and tower leases are as follows:

Fiscal Year	Amount
2021	$ 512,351
2022	439,417
2023	361,531
2024	325,999
2025	238,328
2026-2030	923,338
2031-2035	923,338
2036-2040	369,335
Total Minimum Lease Revenue	$ 4,093,637

NOTE 12 - OPERATING EXPENSES BY FUNCTION

The College's operating expenses by functional classification, for the year ended June 30, 2020 are presented as follows:

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation	Total
Instruction	$ 48,826,342	$ 3,821,877	$ 231,832	$ -	$ -	$ 52,880,051
Academic Support	11,941,464	1,693,727	-	-	-	13,635,191
Student Services	14,032,381	337,123	87,854	-	-	14,457,358
Institutional Support	18,412,642	7,940,439	26,507	-	-	26,379,588
Operations and Maintenance of Plant	2,006,048	27,036,188	-	3,322,144	-	32,364,380
Student Financial Aid	-	2,820	20,506,622	-	-	20,509,442
Auxiliary Enterprises	5,529,093	8,717,524	45,109	-	-	14,291,726
Pension & OPEB Expense	14,137,560	-	-	-	-	14,137,560
Depreciation	-	-	-	-	13,931,996	13,931,996
Total Operating Expenses	$ 114,885,530	$ 49,549,698	$ 20,897,924	$ 3,322,144	$ 13,931,996	$ 202,587,292

Included in the scholarship and fellowship function are student financial aid operating expenses for emergency financial aid payments to eligible students. These payments are for expenses related to the disruption of campus operations due to the coronavirus of $3,195,150 provided by the CARES Act – Higher Education Emergency Relief Fund ("HEERF"). Because of the administrative involvement by the College in providing the student awards, the related program activity is reported as nonoperating Federal Aid – COVID-19 revenue and student financial aid operating expenses. Since the purpose of the student aid is not for educational or scholarship purposes, they do not affect the scholarship discounting adjustments reported in Note 10.

NOTE 13 - PENSION PLANS

A. Defined Benefit Plan

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

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

Contributions - Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees 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 based on the actuarially-determined rate recommended by the actuary. The College's contractually-required contribution rate for the year ended June 30, 2020 was 12.97% of covered payroll. Employee contributions to the pension plan were $4,401,321, and the College's contributions were $9,515,332 for the year ended June 30, 2020.

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 2019 *Comprehensive Annual 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 were 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 are the sole participants in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment Portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment Portfolios. The Global Equity Asset Class includes the Equity Investment Portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2019 *Comprehensive Annual Financial Report*.

Net Pension Liability - At June 30, 2020, the College reported a liability of $49,850,549 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, and update procedures were used to roll forward the total pension liability to June 30, 2019. The College's proportion of the net pension liability was based on the present value of future salaries for the College relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2019, the College's proportion was .48086%, which was a decrease of .02192% from its proportion measured as of June 30, 2018, which was .50278%.

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	12/31/2018
Inflation	3.00%
Salary Increases*	3.50% - 8.10%
Investment Rate of Return**	7.00%

* Salary increases include 3.5% 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. population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuations were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (the valuation date) are summarized in the following table:

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

The information in the preceding table is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2019 is 1.4%.

Discount Rate - The discount rate used to measure the total pension liability was calculated at 7.00% for the December 31, 2018 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, 2019 calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

Net Pension Liability		
1% Decrease (6.00%)	**Current Discount Rate (7.00%)**	**1% Increase (8.00%)**
$ 94,879,463	$ 49,850,549	$ 12,077,030

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2020, the College recognized pension expense of $17,936,892. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions 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	$ 4,169,941	$ 99,798
Changes of Assumptions	5,311,772	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	955,565	-
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	129,018	1,185,949
Contributions Subsequent to the Measurement Date	9,515,332	-
Total	$ 20,081,628	$ 1,285,747

The amount of $9,515,332 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions 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

Years Ended June 30	Amount
2021	$ 7,035,413
2022	1,353,473
2023	557,384
2024	334,279
2025	-
Total	$ 9,280,549

B. Deferred Compensation and Supplemental Retirement Income Plans

Internal Revenue Code ("IRC") Section 457 Plan - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the North Carolina Public Employee Deferred Compensation Plan (the "Plan"). The Plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, death, disability, retirement, or financial hardships if approved by the Board of Trustees of the Plan. The Board, a part of the North Carolina Department of Administration, maintains a separate fund for the exclusive benefit of the participating employees and their beneficiaries, the North Carolina Public Employee Deferred Compensation Trust Fund. The Board also contracts with an external third party to perform certain administrative requirements and to manage the trust fund's assets. All costs of administering and funding the Plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to $347,038 for the year ended June 30, 2020.

Internal Revenue Code Section 401(k) Plan - All members of the Teachers' and State Employees' Retirement System are eligible to enroll in the Supplemental Retirement Income Plan, a defined contribution plan, created under Internal Revenue Code Section 401(k). All costs of administering the Plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to $1,005,096 for the year ended June 30, 2020.

IRC Section 401(k) Plan with Roth options - All members of the Teachers' and State Employees' Retirement System are eligible to enroll in the Supplemental Retirement Income Plan, a defined contribution plan, created under Internal Revenue Code Section 401(k). All costs of administering the Plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to $190,924 for the year ended June 30, 2020.

IRC Section 403(b) - Eligible College employees can participate in tax sheltered annuity plans created under Internal Revenue Code Sections 403(b). The employee's eligible contributions, made through salary reduction agreements, are exempt from Federal and State income taxes until the annuity is received or the contributions are withdrawn. These plans are exclusively for employees of colleges and certain charitable and other nonprofit institutions. All costs of administering and funding these plans are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to $702,340 for the year ended June 30, 2020.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

The College participates in two postemployment benefit plans, the Retiree Health Benefit Fund ("RHBF") and the Disability Income Plan of North Carolina ("DIPNC"), 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 2019 *Comprehensive Annual 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.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

A. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

Disability Income Plan of North Carolina is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2019 *Comprehensive Annual 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 has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of eligible former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

By statute, RHBF is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. 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 15. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan options or the self-funded Traditional 70/30 Preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

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

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

Contributions - Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. The College's contractually-required contribution rate for the year ended June 30, 2020 was 6.47% of covered payroll. The College's contributions to the RHBF were $4,746,662 for the year ended June 30, 2020.

2. Disability Income

Plan Administration - As discussed in Note 15, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina, 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, LEAs which are not part of the reporting entity, and the ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

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

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

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

Contributions - Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the North Carolina General Assembly and coincide with the State's fiscal year. The College's contractually-required contribution rate for the year ended June 30, 2020 was 0.10% of covered payroll. The College's contributions to DIPNC were $73,364 for the year ended June 30, 2020. The College assumes no liability for long-term disability benefits under the Plan other than its contribution.

C. Net OPEB Liability (Asset)

Net OPEB Liability - At June 30, 2020, the College reported a liability of $131,177,066 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018, and update procedures were used to roll forward the total OPEB liability to June 30, 2019. The College's proportion of the net OPEB liability was based on the present value of future salaries for the College relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2019, the College's proportion was .41460%, which was a decrease of .01853% from its proportion measured as of June 30, 2018, which was .43313%.

Net OPEB Asset - At June 30, 2020, the College reported an asset of $181,161 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2019. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018, and update procedures were used to roll forward the total OPEB asset to June 30, 2019. The College's proportion of the net OPEB asset was based on the present value of future salaries for the College relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2019, the College's proportion was .41984%, which was a decrease of .0197% from its proportion measured as of June 30, 2018, which was .43954%.

Actuarial Assumptions - The total OPEB liabilities (assets) for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities (assets) were then rolled forward to June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	**Disability Income Plan of N.C.**
Valuation Date	12/31/2018	12/31/2018
Inflation	3.00%	3.00%
Salary Increases*	3.50%-8.10%	3.50% - 8.10%
Investment Rate of Return**	7.00%	3.75%
Healthcare Cost Trend Rate - Medical	6.50% grading down to 5.00% by 2024	6.50% grading down to 5.00% by 2024
Healthcare Cost Trend Rate - Prescription Drug	9.50% grading down to 5.00% by 2028	9.50% grading down to 5.00% by 2028
Healthcare Cost Trend Rate - Medicare Advantage	6.50% grading down to 5.00% by 2024	N/A
Healthcare Cost Trend Rate - Administrative	3.00%	N/A

* Salary increases include 3.5% inflation and productivity factor.
** Investment rate of return is net of pension plan investment expense, including inflation.
N/A - Not Applicable

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

The projected long-term investment returns and inflation assumptions are developed through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projects 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, 2019.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2019 (the valuation date) are summarized in the following table:

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

The information in the preceding table is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2019 is 1.4%.

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

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

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

The actuarial assumptions used in the December 31, 2018 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2014, as amended for updates to certain assumptions (such as the long-term investment return, medical claims, and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate - The discount rate used to measure the total OPEB liability for RHBF was 3.50%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will 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 of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

The discount rate used to measure the total OPEB asset for DIPNC was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

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

	Net OPEB Liability (Asset)		
	1% Decrease (2.50%)	**Current Discount Rate (3.50%)**	**1% Increase (4.50%)**
RHBF	$ 155,886,138	$ 131,177,066	$ 111,392,929

	1% Decrease (2.75%)	**Current Discount Rate (3.75%)**	**1% Increase (4.75%)**
DIPNC	$ (153,439)	$ (181,161)	$ (208,098)

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

	Net OPEB Liability (Asset)		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	Medical - 4.00%-5.50% Pharmacy - 4.00%-8.50% Med. Advantage - 4.00%-5.50% Administrative - 2.00%	Medical - 5.00%-6.50% Pharmacy - 5.00%-9.50% Med. Advantage - 5.00%-6.50% Administrative - 3.00%	Medical - 6.00%-7.50% Pharmacy - 6.00%-10.50% Med. Advantage - 6.00%-7.50% Administrative - 4.00%
RHBF Net OPEB Liability	$ 108,014,639	$ 131,177,066	$ 161,632,726

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	Medical - 4.00%-5.50% Pharmacy - 4.00%-8.50%	Medical - 5.00%-6.50% Pharmacy - 5.00%-9.50%	Medical - 6.00%-7.50% Pharmacy - 6.00%-10.50%
DIPNC Net OPEB Asset	$ (181,480)	$ (181,161)	$ (180,863)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the College recognized OPEB expense of $(3,978,107) for RHBF and expense of $178,775 for DIPNC. At June 30, 2020, 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
Difference Between Actual and Expected Experience	$ -	$ 185,070	$ 185,070
Changes of Assumptions	6,304,987	20,068	6,325,055
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	87,353	34,507	121,860
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	4,862,615	28,726	4,891,341
Contributions Subsequent to the Measurement Date	4,746,662	73,364	4,820,026
Total	$16,001,617	$ 341,735	$16,343,352

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

	RHBF	DIPNC	Total
Difference Between Actual and Expected Experience	$ 6,612,977	$ -	$ 6,612,977
Changes of Assumptions	39,437,575	18,586	39,456,161
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	12,380,634	-	12,380,634
Contributions Subsequent to the Measurement Date	-	-	-
Total	$58,431,186	$ 18,586	$58,449,772

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in 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

Years Ended June 30	RHBF	DIPNC
2021	$ (14,606,728)	$ 80,374
2022	(14,606,728)	56,074
2023	(14,594,099)	42,030
2024	(3,217,191)	27,747
2025	(151,485)	36,844
Thereafter	-	6,716
Total	$ (47,176,231)	$ 249,785

NOTE 15 - RISK MANAGEMENT

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

A. Employee Benefit Plans

1. State Health Plan

College employees and retirees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (the “Plan”), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer contributions. Certain plans also require contributions from employees. The Plan has contracted with third parties to process claims. See Note 14, 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 0.16% 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 up to the first six months of benefits and reimbursed by DIPNC for any additional short-term benefits. As discussed in Note 14, long-term disability benefits are payable as other postemployment benefits from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

Fire and other property losses are covered by contracts with private insurance companies. The policy limit is $500,000,000 and carries a deductible of $25,000. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

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

The risk of tort claims of up to $1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to $2,000,000 per claim and $10,000,000 in the aggregate per fiscal year via contract with 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. Losses from County and Institutional fund paid employees are covered by private insurance. Employee dishonesty coverage carries a deductible of $1,000 with a limit of $500,000. Forgery or alteration has a $1,000 deductible with a $500,000 limit. Deception Fraud/Fraud Impersonation has a $2,500 deductible with a $500,000 limit.

4. **Statewide Workers' Compensation Program**

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

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

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

The College purchased Professional Liability insurance from a private insurance company to cover instructors and students in the Health Sciences and Dietary Manager Programs with a liability limit of $1,000,000 per claim and a $5,000,000 aggregate.

The College purchased Broadcaster's Liability coverage from a private insurance company to cover (PBS station WTVI that became a part of Central Piedmont July 3, 2012) News Media and Multimedia, with a $2,000,000 limit of liability and $5,000 retention amount, Internet Liability Coverage, with a $2,000,000 limit of liability and $5,000 retention amount.

The College purchased Cyber Liability coverage from a private insurance company to cover Media Content Insurance with a $7,500,000 sub limit liability and a $100,000 retention, Security and Privacy Liability Insurance with a $7,500,000 sub limit liability and a $100,000 retention, Regulatory Action with a $7,500,000 sub limit liability, Event Management Insurance with a $2,500,000 sub limit liability and a $10,000 retention and Cyber Extortion Insurance with a $7,500,000 sub limit liability and a $100,000 retention.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $78,937,040 at June 30, 2020.

NOTE 17 - THE CORONAVIRUS PANDEMIC EMERGENCY

In response to the coronavirus pandemic emergency, actions were taken by the College in March 2020 to reduce the spread of the coronavirus disease ("COVID-19") and provide for the health and safety of students, faculty, and staff.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act included various relief and recovery aid programs to address COVID-19 expenses and the costs incurred and revenue lost due to the actions taken to reduce the spread of COVID-19. For the College, these programs included (1) the Coronavirus Relief Fund ("CRF") administered by the U.S. Department of Treasury and made available directly to state and local governments, (2) the Higher Education Emergency Relief Fund ("HEERF") administered by the U.S. Department of Education and made available directly to universities and colleges, and (3) additional funding for the Disaster Relief Fund ("DRF") administered by the Federal Emergency Management Agency ("FEMA").

The revenues from these programs are contingent upon meeting the terms and conditions of the programs and signed agreements with the funding agencies, are recognized when qualifying expenditures are incurred, funds are used for intended purposes, and other eligibility requirements are met, and are reported in the following revenue captions of the financial statements:

Nonoperating Revenue

State Aid - Coronavirus Relief Fund - This caption includes funds received from the CARES Act - CRF that were appropriated by the State of North Carolina in House Bill 1043 to the Community College System Office ("System Office") and allocated to the colleges to cover COVID-19 expenses. These funds are reported separately from Federal Aid-COVID-19 revenues due to the reporting requirements of the State of North Carolina. As of June 30, funds have been allocated for Small Business Center Counseling, College Career Counselors and Academic Advisory, and Virtual Student Tutoring. The CRF funds must be expended by December 30, 2020.

Federal Aid - COVID-19 - This caption includes funds received from the CARES Act, other than the CRF funds appropriated in House Bill 1043, and the FEMA DRF funds, as follows:

The HEERF funds provided include: (1) a student allocation to provide for emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19, (2) an institutional allocation to cover costs associated with significant changes to the delivery of instruction due to COVID-19 including the recovery of revenue lost due to those changes, and (3) an additional award to address needs directly related to COVID-19. The HEERF funds must be expended within one year of the grant award notification date.

The FEMA DRF funds are provided for emergency protective measures and related management costs related to the COVID-19 emergency and are on-going throughout the emergency event.

Summary of State and Federal Aid - COVID-19 Nonoperating Revenues as of June 30, 2020

Program	Total Authorized Award	Earned Revenue	Unearned Revenue (1)
State Aid - Coronavirus Relief Fund:			
CRF - Community College System Office Allocations	$ 503,893	$ 8,000	$ -
Total State Aid - Coronavirus Relief Fund (2)	$ 503,893	$ 8,000	$ -
Federal Aid - COVID-19:			
HEERF - Student Allocation	$ 5,393,777	$ 3,195,150	$ -
HEERF - Institutional Allocation (3)	5,393,777	671,686	-
HEERF - Additional Award	529,803	-	-
Total Federal Aid - COVID-19	$ 11,317,357	$ 3,866,836	$ -

(1) The Unearned Revenue Column represents funds that have been received as of June 30th for which incurred qualifying expenditures/uses of funds or other eligibility requirements for reporting as earned revenue have not yet been met including specified grantor/provider requirements.

(2) The State Aid - Coronavirus Relief Fund unearned revenue represents amounts received for which eligible expenditures have yet to be incurred and are reported on the Institution's financial statements as "Due to the Primary Government".

(3) While the HEERF Institutional Portion is accounted for and recognized independently from the HEERF Student Portion, the CARES Act has a "Use of Funds" requirement that no less than 50% of the total HEERF Student and Institutional Portion funds must be used for emergency financial aid grants to students. This "Use of Funds" limitation is a contingency that limits the revenue recognized from the institutional portion to amounts spent and recognized for the student portion. Thus, amounts used and received for the institutional portion that are in excess of the amount expended and received for the student portion are reported as unearned revenue. The College did not have any unearned revenue related to HERF funds at June 30, 2020. The institution believes that the "Use of Funds" requirement will be fully met by the end of the program.

NOTE 18 - RELATED PARTIES

Foundation - The Foundation is a separately incorporated nonprofit foundation associated with the College. This organization serves as the primary fundraising arm of the College through which individuals, corporations, and other organizations support College programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific departments and the College's overall academic environment. The College's financial statements do not include the assets, liabilities, net position, or operational transactions of the Foundation, except for support from the Foundation. This support approximated $3,989,425 for the year ended June 30, 2020 was included in Noncapital Gifts, Net and Capital Gifts, Net on the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 19 - BLENDED COMPONENT UNIT

Condensed combining information for the College's blended component unit, Central Piedmont Community College Services Corp, Inc., as of and for the year ended June 30, 2020, is presented as follows:

Central Piedmont Community College Services Corp., Inc.
Condensed Statement of Net Position
June 30, 2020

Total Assets	$ 4,474,420
Total Liabilities	195,986
Total Net Position	$ 4,278,434

Central Piedmont Community College Services Corp., Inc.
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

Operating Revenues	
Sales and Services	$ 1,356,247
Operating Expenses	
Salaries and Benefits	939,505
Contracted Services	348,040
Other Expenses	476,311
Total Operating Expenses	1,763,856
Non-Operating Revenues	
Interest Income	8,911
Total Nonoperating Revenues	8,911
Transfers to the College	(567,302)
Change in Net Position	(966,000)
Net Position, July 1, 2019	5,244,434
Net Position, June 30, 2020	$ 4,278,434

Central Piedmont Community College Services Corp., Inc.
Condensed Statement of Cash Flows
For the Year Ended June 30, 2020

Net Cash Used in Operating Activities	$ (816,446)
Cash and Cash Equivalents, July 1, 2019	3,720,466
Cash and Cash Equivalents, June 30, 2020	$ 2,904,020

NOTE 20 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

College - For the fiscal year ended June 30, 2020, the College implemented the following pronouncements issued by the Governmental Accounting Standards Board ("GASB"):

GASB Statement No. 89, Accounting for Interest Costs Incurred before the End of a Construction Period

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

GASB Statement No. 89 establishes accounting requirement for interest costs incurred before the end of a construction period. Interest costs incurred before the end of a construction period are to be recognized as an expense in the period in which the costs are incurred for financial statements prepared using the economic resources measurement focus. Interest costs incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity. The requirements of this Statement have been applied prospectively.

GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018 and later.

NOTE 21 - SUBSEQUENT EVENTS

The College has evaluated subsequent events through December 8, 2020, which is the date the financial statements were available to be issued.

NOTE 22 - AUDIT HOURS AND COST

The audit required 290 audit hours at an approximate cost of $46,400. The cost represents .01% of the College's total assets and .02% of the total expenses subject to audit.

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

Exhibit C-1

Teachers' and State Employees' Retirement System	**2020**	**2019**	**2018**	**2017**
Proportionate Share Percentage of Collective Net Pension Liability	0.48086%	0.50278%	0.50964%	0.50835%
Proportionate Share of TSERS Collective Net Pension Liability	$ 49,850,549	$ 50,057,224	$ 40,437,085	$ 46,722,616
Covered Payroll	$ 74,552,356	$ 74,736,968	$ 73,247,218	$ 71,439,188
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	66.87%	66.98%	55.21%	65.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.56%	87.61%	89.51%	87.32%

	2016	**2015**	**2014**
Proportionate Share Percentage of Collective Net Pension Liability	0.48573%	0.46411%	0.44450%
Proportionate Share of TSERS Collective Net Pension Liability	$ 17,900,112	$ 5,441,323	$ 26,985,679
Covered Payroll	$ 69,503,113	$ 66,472,799	$ 64,075,918
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	25.75%	8.19%	42.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.64%	98.24%	90.60%

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

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

Central Piedmont 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	**2020**	**2019**	**2018**	**2017**	**2016**
Contractually Required Contribution	$ 9,515,332	$ 9,162,485	$ 8,056,645	$ 7,310,072	$ 6,536,686
Contributions in Relation to the Contractually Determined Contribution	9,515,332	9,162,485	8,056,645	7,310,072	6,536,686
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 73,364,167	$ 74,552,356	$ 74,736,968	$ 73,247,218	$ 71,439,188
Contributions as a Percentage of Covered Payroll	12.97%	12.29%	10.78%	9.98%	9.15%

	2015	**2014**	**2013**	**2012**	**2011**
Contractually Required Contribution	$ 6,359,535	$ 5,776,486	$ 5,337,524	$ 4,555,018	$ 2,987,589
Contributions in Relation to the Contractually Determined Contribution	6,359,535	5,776,486	5,337,524	4,555,018	2,987,589
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 69,503,113	$ 66,472,799	$ 64,075,918	$ 61,223,362	$ 60,600,173
Contributions as a Percentage of Covered Payroll	9.15%	8.69%	8.33%	7.44%	4.93%

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

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

Changes of Benefit Terms:

Cost of Living Increase

Teachers' and State Employees'	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Retirement System	N\A	1.00%	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	2.20%

Changes of Assumptions: In 2015, 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, 2010, and December 31, 2014. 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 improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were reduced to more closely reflect actual experience. The discount rate for the Teachers' and State Employees' Retirement System was lowered from 7.25% to 7.20% for the December 31, 2016 valuation. For the December 31, 2017 valuation, the discount rate was lowered to 7.00%.

The Board of Trustees also adopted a new asset valuation method for the Teachers' and State Employees' Retirement System. For determining plan funding requirements, the plan now uses a five-year smoothing method with a reset of the actuarial value of assets to market value as of December 31, 2014.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina’s 2019 *Comprehensive Annual Financial Report*.

N/A - Not Applicable

Central Piedmont Community College
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Four Fiscal Years* ***Exhibit C-3***

Retiree Health Benefit Fund	**2020**	**2019**	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability	0.41460%	0.43313%	0.41687%	0.44447%
Proportionate Share of Collective Net OPEB Liability	$ 131,177,066	$ 123,390,589	$ 136,676,625	$ 193,359,558
Covered Payroll	$ 74,552,356	$ 74,736,968	$ 73,247,218	$ 71,439,188
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	175.95%	165.10%	186.60%	270.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	4.40%	3.52%	2.41%
Disability Income Plan of North Carolina				
Proportionate Share Percentage of Collective Net OPEB Asset	0.41984%	0.43954%	0.44782%	0.44998%
Proportionate Share of Collective Net OPEB Asset	$ 181,161	$ 133,515	$ 273,708	$ 279,438
Covered Payroll	$ 74,552,356	$ 74,736,968	$ 73,247,218	$ 71,439,188
Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	0.24%	0.18%	0.37%	0.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	113.00%	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 ending June 30.

Central Piedmont 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	**2020**	**2019**	**2018**	**2017**	**2016**
Contractually Required Contribution	$ 4,746,662	$ 4,674,433	$ 4,521,587	$ 4,254,302	$ 4,000,595
Contributions in Relation to the Contractually Determined Contribution	4,746,662	4,674,433	4,521,587	4,254,302	4,000,595
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 73,364,167	$ 74,552,356	$ 74,736,968	$ 73,247,218	$ 71,439,188
Contributions as a Percentage of Covered Payroll	6.47%	6.27%	6.05%	5.81%	5.60%

	2015	**2014**	**2013**	**2012**	**2011**
Contractually Required Contribution	$ 3,815,721	$ 3,589,531	$ 3,396,024	$ 3,061,168	$ 2,969,408
Contributions in Relation to the Contractually Determined Contribution	3,815,721	3,589,531	3,396,024	3,061,168	2,969,408
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 69,503,113	$ 66,472,799	$ 64,075,918	$ 61,223,362	$ 60,600,173
Contributions as a Percentage of Covered Payroll	5.49%	5.40%	5.30%	5.00%	4.90%

Disability Income Plan of North Carolina	**2020**	**2019**	**2018**	**2017**	**2016**
Contractually Required Contribution	$ 73,364	$ 104,373	$ 104,632	$ 278,339	$ 292,901
Contributions in Relation to the Contractually Determined Contribution	73,364	104,373	104,632	278,339	292,901
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 73,364,167	$ 74,552,356	$ 74,736,968	$ 73,247,218	$ 71,439,188
Contributions as a Percentage of Covered Payroll	0.10%	0.14%	0.14%	0.38%	0.41%

	2015	**2014**	**2013**	**2012**	**2011**
Contractually Required Contribution	$ 284,963	$ 292,480	$ 281,934	$ 318,361	$ 315,121
Contributions in Relation to the Contractually Determined Contribution	284,963	292,480	281,934	318,361	315,121
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 69,503,113	$ 66,472,799	$ 64,075,918	$ 61,223,362	$ 60,600,173
Contributions as a Percentage of Covered Payroll	0.41%	0.44%	0.44%	0.52%	0.52%

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

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

Changes of Benefit Terms: Effective January 1, 2016, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for three of four 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 four 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-pockets 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.

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

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of College Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months following 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 14 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 2015, 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, 2010, and December 31, 2014. Based on the findings, the Boards of Trustees of the Teachers' and State Employees' Retirement System and the State Health Plan 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 the mortality improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement and rates of termination from active employment were reduced to more closely reflect actual experience.

For the actuarial valuation measured as of June 30, 2019, the discount rate for the RHBF was updated to 3.5%. Disability rates were adjusted to the non-grandfathered assumptions used in the Teachers' and State Employees' Retirement System actuarial valuation to better align with the anticipated incidence of disability. Medical and prescription drug claims 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 amount RHBF plan options over the next four year. 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 for the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of disability.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina's 2019 *Comprehensive Annual Financial Report*.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board of Trustees
Central Piedmont Community College
Charlotte, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Piedmont Community College (the "College"), a component unit of the State of North Carolina, and the discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 8, 2020. The financial statements of Central Piedmont Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this report and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-01 that we consider to be a significant deficiency.

The College's Response to Findings

The College's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Charlotte, North Carolina
December 8, 2020

Significant Deficiency
Finding 2020-001

Criteria: The College is responsible for designing adequate internal controls over financial reporting that will ensure the appropriate recognition, recording, tracking, and accounting for the value of donated property.

Condition: During the course of the financial statement audit, the College also engaged us to conduct a specific review of the internal controls used to account for donated property. Our specific audit procedures identified that the College lacks sufficient internal control over the recognition, recording, tracking, and accounting for the value of donated property that is used in the College's Transport Systems Technology Program or redistributed to other educational institutions for the use in their automotive programs.

Cause: Although the College has policies and procedures over donated assets, it appears that certain individuals may not be following them consistently.

Potential Effect: As a result, it is likely that some combination of the College's revenues, expenses, and assets may be understated as a result of this deficiency. Although the total amount of the potential misstatement could not be reasonably estimated at the time of the audit report, the College should evaluate controls over donated assets in the Transport Systems Technology Program and make changes to ensure the timely and accurate recording, tracking, and accounting of donated assets.

Recommendation: We recommend the College conduct a thorough and complete inventory of donated assets to determine the amounts, values, and any required adjustments to the inventory of donated assets to the Transport Systems Technology Program to ensure the proper representation and disclosure of donated assets in the College's financial statements in accordance with U.S. GAAP. In addition, we recommend the College review the design effectiveness and adequacy of its internal control over donated assets to ensure that the College's policies and procedures are sufficiently robust and being followed.

Views of Responsible Officials: Management of the College agrees with this finding. The College's current controls include, but are not limited to, processing all donations through the Central Piedmont Community College Foundation, Inc. (the "Foundation"). Donated items are reported to the Foundation on the Gift-In-Kind Acceptance and Report Form. The Foundation then reports donated items to the College's Inventory Control department for recording in the College's Fixed Assets. Management recognizes that controls can only be as strong as the personnel that perform those controls. As noted in the finding, the College initiated an independent review of its Transport Systems Technology Program controls due to internal communication that the department was receiving donated goods but not reporting them to the Foundation or other members of the College's management. While the external control review was ongoing, the College also initiated an internal review of the department's activities. The internal review includes a review of the Transport Technology Program's: physical access controls, surveillance controls, security reports, and internal correspondence related to donations. The College also plans to expand its review to other College departments that receive frequent in-kind donations. While the internal review continues, immediate actions include improving physical access with badge controlled gate entry to the garage area and a plan to distribute semi-annual reminders to all departments to report donations to their division vice-president and the Foundation.