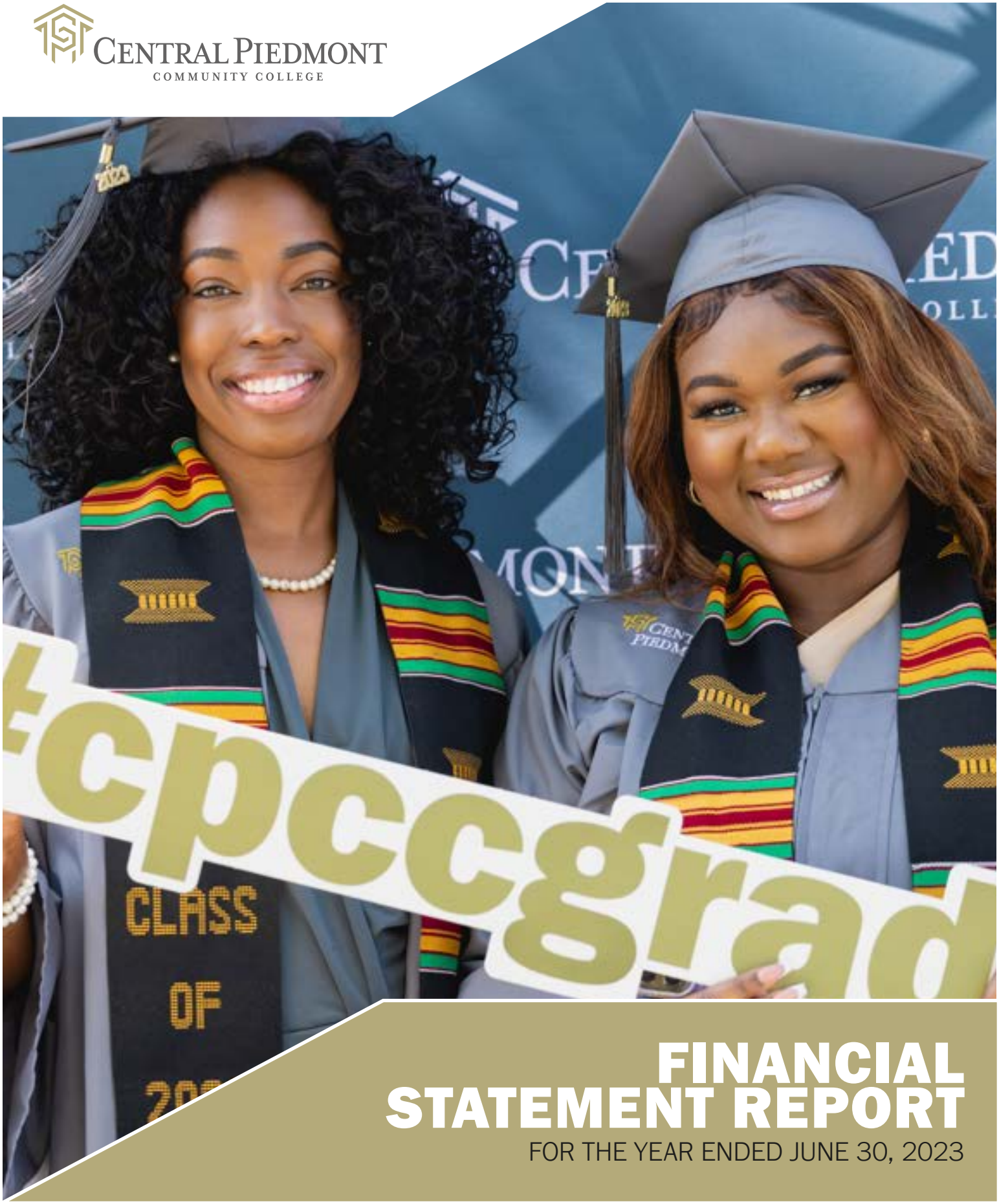
CENTRAL PIEDMONT
COMMUNITY COLLEGE



FINANCIAL STATEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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

Report on the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, 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.

Basis for Opinions

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

The accompanying financial statements represent the financial position of the College. These financial statements are not intended to be a complete presentation of the financial position of the State of North Carolina, taken as a whole. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 20, 2023 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 solely 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 the effectiveness of the College's 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 20, 2023

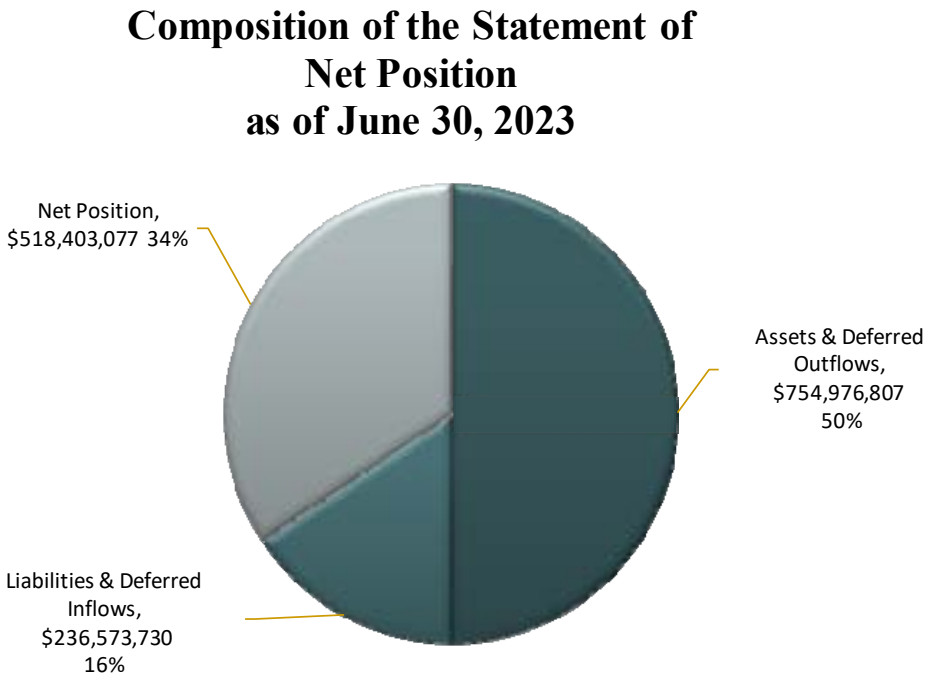
Introduction

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, 2023, with selected comparative information for the year ended June 30, 2022. 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 44,000 community residents annually and has approximately 2,000 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 nearly 300 degree, diploma, and certification programs, customized corporate training, market-focused continuing education, and special interest classes.

Financial Highlights

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 nonoperating activity of the College and are summarized for the years ended June 30, 2023 and 2022 as follows:

	2023	2022	Difference
Operating Revenues	$ 33,549,831	$ 30,131,915	$ 3,417,916
Operating Expenses	(194,793,965)	(203,922,076)	9,128,111
Net Nonoperating Revenues	177,985,998	195,043,664	(17,057,666)
Capital Aid Revenues	15,560,122	34,663,924	(19,103,802)
Increase in Net Position	$ 32,301,986	$ 55,917,427	$ (23,615,441)

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

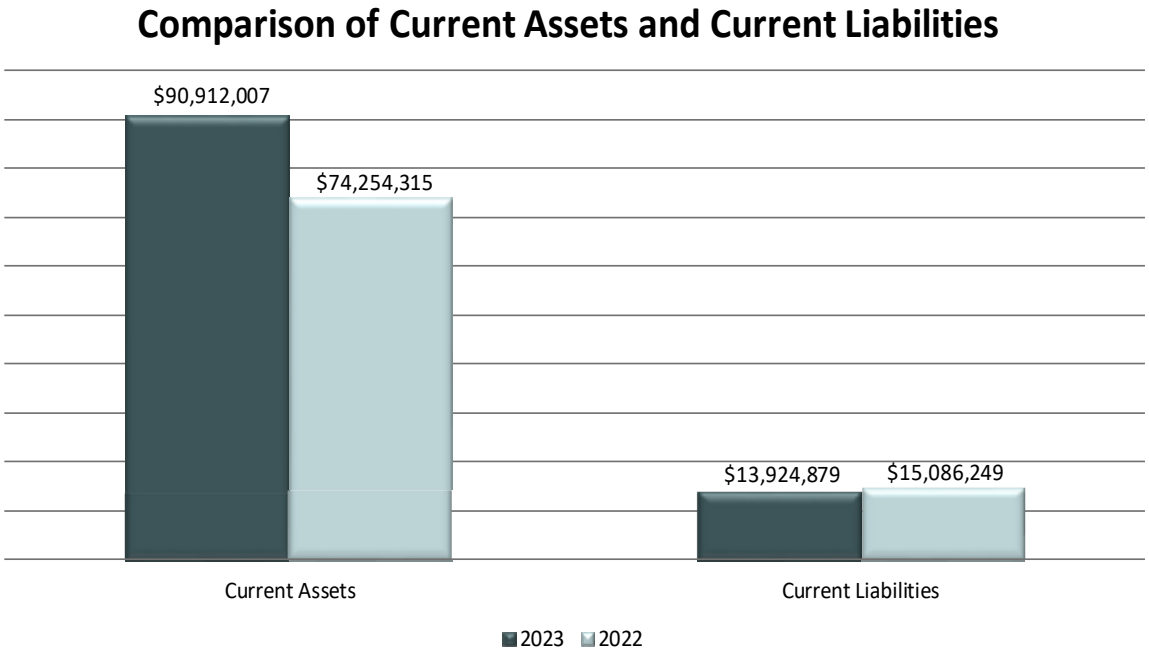
The Statement of Net Position presents the financial position of the College at the end of the fiscal year and includes all assets, deferred inflows and outflows, and liabilities of the College. The difference between total assets plus deferred outflows and total liabilities plus deferred inflows, net 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 and amortization.

A summarized comparison of the College's assets, deferred outflows, liabilities, deferred inflows, and net position at June 30, 2023 and 2022, is presented below:

	2023	2022
Current Assets	$ 90,912,007	$ 74,254,315
Capital Assets	608,380,302	614,597,724
Noncapital Assets	1,165,769	1,093,715
Deferred Outflows	54,518,729	39,899,277
Current Liabilities	13,924,879	15,086,249
Noncurrent Liabilities	164,297,481	154,415,936
Deferred Inflows	58,351,370	74,241,755
Net Position	518,403,077	486,101,091

Statement of Net Position (continued)

The College's current assets increased $16,657,692 and current liabilities decreased $1,161,370. The increase in current assets is primarily attributable to the increase in cash and cash equivalents, and the decrease in current liabilities is primarily attributable to the decrease 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, 2023 and 2022 are summarized below:

	2023	2022
Net Investment in Capital Assets	$ 597,860,255	$ 601,924,583
Restricted Expendable	3,586,387	4,365,369
Unrestricted	(83,043,565)	(120,188,861)

Net investment in capital assets represents the College's capital assets of $608,380,302 less related debt of $11,684,115 plus deferred outflows of $1,164,068. Net investment in capital assets decreased $4,064,328 or .68% due to the increase in accumulated depreciation and amortization totaling $21,410,994, which was partially offset by the $15,735,184 in additions to capital assets.

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, 2023 and 2022 totaled $(155,128,363) and $(176,469,103), 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, 2023 and 2022:

	2023	2022	Difference
Operating Revenues:			
Student Tuition and Fees, Net	$ 24,633,826	$ 22,778,882	$ 1,854,944
Sales and Services and Other	8,916,005	7,353,033	1,562,972
Total Operating Revenues	33,549,831	30,131,915	3,417,916
Operating Expenses	194,793,965	203,922,076	(9,128,111)
Operating Loss	(161,244,134)	(173,790,161)	12,546,027
Nonoperating Revenues (Expenses)			
State Aid	74,131,099	71,254,854	2,876,245
County Appropriations	43,160,906	40,564,852	2,596,054
Noncapital Grants and Contributions	60,472,104	79,651,588	(19,179,484)
Capital Aid and Contributions	15,560,122	34,663,924	(19,103,802)
Interest and Fees on Debt	(766,457)	(617,485)	(148,972)
Investment Income	1,234,321	84,023	1,150,298
Other Nonoperating (Expenses) Revenues	(245,975)	4,105,832	(4,351,807)
Net Nonoperating Revenues	193,546,120	229,707,588	(36,161,468)
Increase in Net Position	32,301,986	55,917,427	(23,615,441)
Net Position, Beginning of Year	486,101,091	429,959,566	56,141,525
Restatement	-	224,098	(224,098)
Net Position, End of Year	$ 518,403,077	$ 486,101,091	$ 32,301,986

The increase in sales and services and other revenue was due in part to the Harris Conference Center and Performing Arts Facilities, both operated by the Central Piedmont Community College Services Corporation. These increased revenues are due to the coronavirus disease ("COVID-19") pandemic recovery. The remaining was due to an increase in bookstore commissions and WTVI membership revenue.

The decrease in noncapital grants and contributions is due to the decrease in COVID-19 federal aid. The majority of the funds were received prior to the year ended June 30, 2023. The decrease in capital aid and contributions was primarily due to the completion of the new student union building, the Parr Center, during the year ended June 30, 2022.

The increase in investment income is due to the increase in interest rates provided by the Short-Term Investment Fund ("STIF"). See Note 2 for more information.

The decrease in other nonoperating (expenses) revenues was due to several nonrecurring items during the year ended June 30, 2022, including the sale of excess broadband capacity and the receipt of insurance recovery funds.

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.

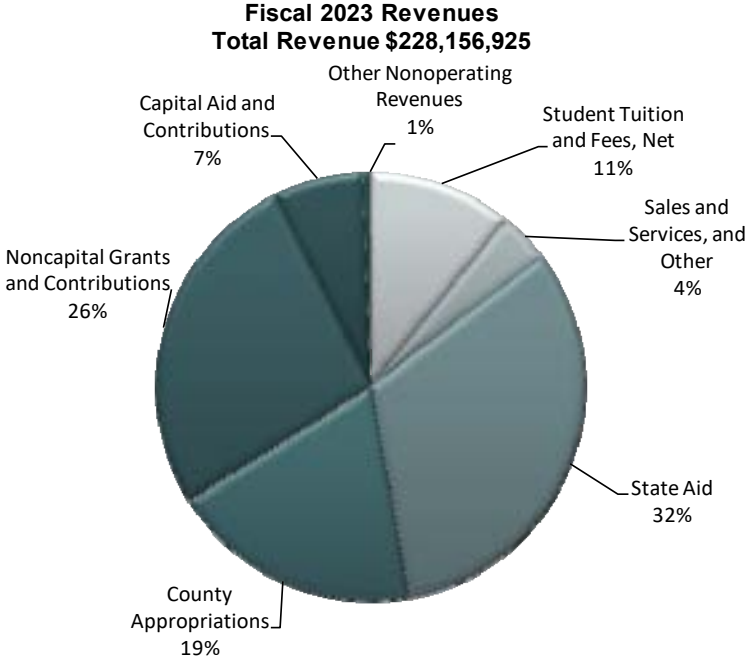
Statement of Revenues, Expenses, and Changes in Net Position (continued)

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 and technology costs.

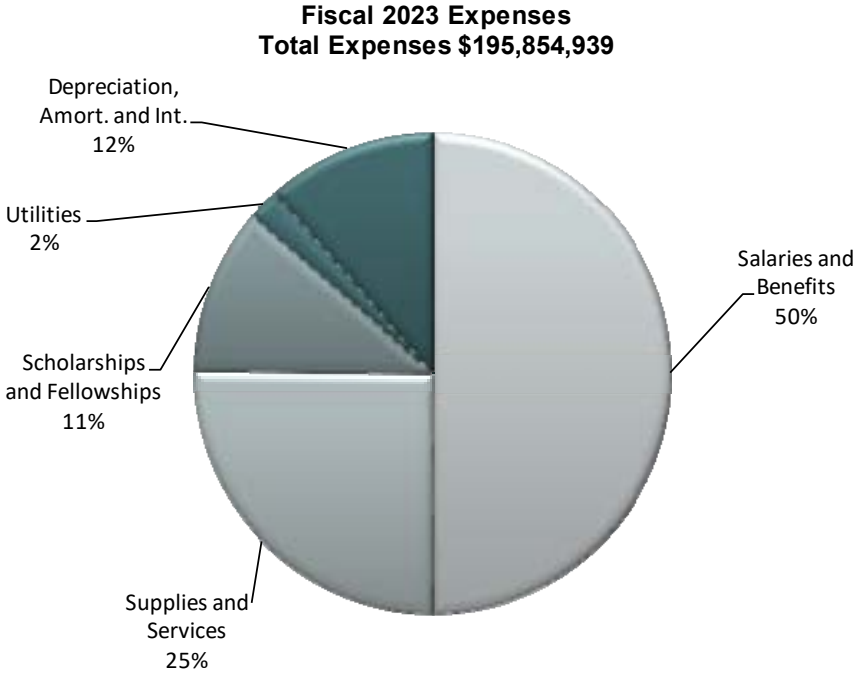
Tuition and fees and State appropriations are the primary sources of funding for the College's academic programs. County funding is vital and allows the College to continue with its long- term capital plan, its deferred maintenance plan, and construction projects.

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

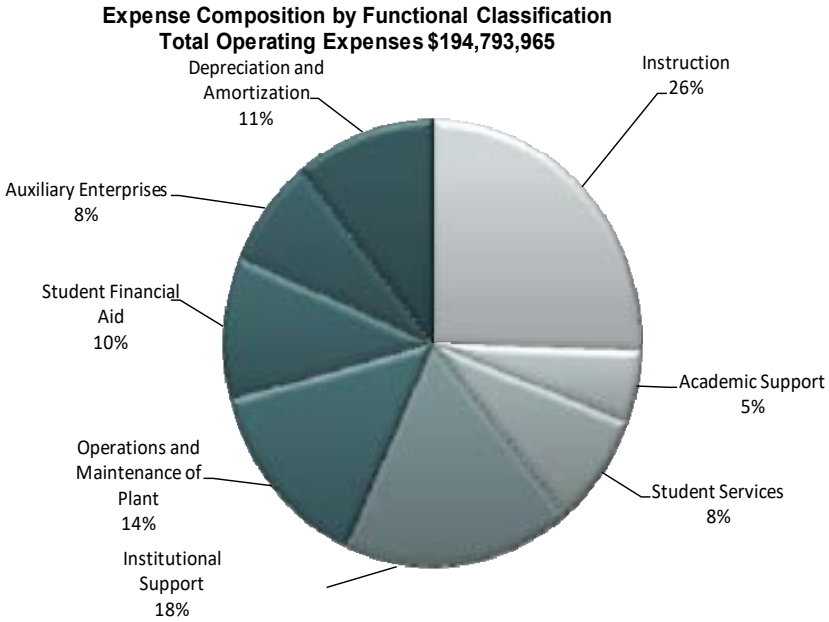


Statement of Revenues, Expenses, and Changes in Net Position (continued)

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



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, 2023, is as follows:



Capital Activities

The College was able to maintain its capital activity during fiscal year 2023 due to County funding and continued construction and building improvements. Using proceeds from County-sponsored bond issuances and other funding sources, the College expended $12,693,276 on capital asset projects in 2023 as compared to $29,075,556 in 2022. Capital asset projects primarily are comprised of replacement and renovation of existing buildings and new construction of academic facilities. Current construction in progress totals $1,375,128.

Economic Factors that will Affect the Future

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.

The College will continue to execute its long-range facilities plan to modernize and expand its campus infrastructure and facilities. As part of the FY2024 budget process, the Mecklenburg County Board approved a new $4-billion five-year Capital Improvement Plan ("CIP"). The 2024-2028 Capital Improvement Plan includes $107 million for four Central Piedmont Community College projects, including a new public safety training facility. Capital funding will continue to be a source of support for the College's long-range facilities plan that includes land acquisitions, building renovations, and construction of new instructional buildings and facilities.

In response to the coronavirus pandemic emergency, actions are being taken by the College to reduce the spread of COVID-19 and to provide for the health and safety of students, faculty, and staff. The federal government provided grants to the State and the College through various coronavirus program funds appropriated by (1) The Coronavirus Aid, Relief, and Economic Security Act, (2) The Coronavirus Response and Relief Supplemental Appropriations within the Federal Consolidated Appropriations Act of 2021 (CRRSA), and (3) The American Rescue Plan Act of 2021 (ARP). The grants include 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. Several grants include emergency student aid. The College was awarded a cumulative total of $78,161,879 through the year ended June 30, 2023. The College awarded $392,588 and $17,078,733 to students in for the form of emergency aid funds as of June 30, 2023 and 2022, respectively.

Request for Information

This report provides an overview of the College's finances for those with an interest in this area. For questions concerning any of the information in this report or requests for additional information, contact the Vice President of Finance and Facilities Operations, Central Piedmont Community College, Central Campus-Disher Building, Room 200, P.O. Box 35009, Charlotte, NC 28235.

COLLEGE EXHIBITS

ASSETS

Current Assets:		
Cash and Cash Equivalents	$	81,897,529
Restricted Cash and Cash Equivalents		5,125,629
Receivables, Net (Note 4)		3,232,451
Due from Community College Component Units		94,240
Inventories		165,691
Prepaid Items		131,619
Leases Receivable (Note 8)		264,848
Total Current Assets		90,912,007
Noncurrent Assets:		
Leases Receivable (Note 8)		1,165,769
Capital Assets - Nondepreciable (Note 5)		36,804,375
Capital Assets - Depreciable/Amortizable, Net (Note 5)		571,575,927
Total Noncurrent Assets		609,546,071
Total Assets		700,458,078

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions (Note 12)	38,088,369
Deferred Outflows Related to Other Postemployment Benefits (Note 13)	15,266,292
Deferred Outflows Related to Others (Note 8)	1,164,068
Total Deferred Outflows of Resources	54,518,729

LIABILITIES

Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 6)	6,407,713
Unearned Revenue	2,130,348
Funds Held for Others	465,482
Long-Term Liabilities - Current Portion (Note 7)	4,921,336
Total Current Liabilities	13,924,879
Noncurrent Liabilities:	
Unearned Revenue	996,667
Long-Term Liabilities (Note 7)	163,300,814
Total Noncurrent Liabilities	164,297,481
Total Liabilities	178,222,360

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

DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions (Note 12)	3,830,492
Deferred Inflows Related to Other Postemployment Benefits (Note 13)	53,204,806
Deferred Inflows for Leases (Note 8)	1,316,072
Total Deferred Inflows of Resources	58,351,370
NET POSITION	
Net Investment in Capital Assets	597,860,255
Restricted:	
Expendable:	
Loans	417
Capital Projects	3,585,970
Total Restricted-Expendable Net Position	3,586,387
Unrestricted	(83,043,565)
Total Net Position	$ 518,403,077

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

Central Piedmont Community College
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

Exhibit A-2

OPERATING REVENUES		
Student Tuition and Fees, Net (Note 10)	$	24,633,826
Sales and Services, Net (Note 10)		8,566,255
Lease Income		276,197
Other Operating Revenues		73,553
Total Operating Revenues		33,549,831
OPERATING EXPENSES		
Salaries and Benefits		97,846,239
Supplies and Services		49,411,325
Scholarships and Fellowships		21,886,074
Utilities		4,239,333
Depreciation/Amortization		21,410,994
Total Operating Expenses		194,793,965
Operating Loss		(161,244,134)
NONOPERATING REVENUES (EXPENSES)		
State Aid		73,520,999
State Aid - Coronavirus Relief Fund (Note 16)		610,100
County Appropriations		43,160,906
Noncapital Grants- Student Financial Aid		29,815,729
Noncapital Grants		8,457,023
Federal Aid - Coronavirus Relief Fund (Note 16)		16,837,057
Noncapital Gifts		4,685,722
Noncapital Contributions, Net (Note 13)		676,573
Investment Income		1,234,321
Interest and Fees on Debt		(766,457)
Interest Earned on Leases		48,542
Other Nonoperating Expenses		(294,517)
Net Nonoperating Revenues		177,985,998
Income Before Other Revenues		16,741,864
State Capital Aid		4,298,229
County Capital Aid		10,247,505
Capital Contributions, Net		1,014,388
Total Other Revenues		15,560,122
Increase in Net Position		32,301,986
NET POSITION		
Net Position - July 1, 2022		486,101,091
Net Position - June 30, 2023	$	518,403,077

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

Central Piedmont Community College
Statement of Cash Flows — *Exhibit A-3*
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Customers	$	33,315,036
Payments to Employees and Fringe Benefits		(118,026,225)
Payments to Vendors and Suppliers		(53,016,335)
Payments for Scholarships and Fellowships		(21,886,074)
Other Receipts		1,577,153
Net Cash Used by Operating Activities		(158,036,445)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Aid		73,520,999
State Aid - Coronavirus		610,100
County Appropriations		43,160,906
Student Financial Aid		38,272,752
Federal Aid - COVID-19		16,837,057
Noncapital Contributions		4,742,815
Net Cash Provided by Noncapital Financing Activities		177,144,629
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES		
State Capital Aid		4,298,229
County Capital Aid		10,247,505
Capital Contributions		319,965
Proceeds from Insurance on Capital Assets		31,064
Proceeds from Lease Arrangements		300,544
Acquisition and Construction of Capital Assets		(12,693,276)
Principal Paid on Capital Debt and Lease/Subscription Liabilities		(4,791,597)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities		(480,477)
Net Cash Used by Capital Financing and Related Financing Activities		(2,768,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income		1,234,321
Net Cash Provided by Investing Activities		1,234,321
Net Increase in Cash and Cash Equivalents		17,574,462
Cash and Cash Equivalents - July 1, 2022		69,448,696
Cash and Cash Equivalents - June 30, 2023	$	87,023,158

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

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(161,244,134)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense		21,410,994
Lease Income (Amortized Deferred Inflows of Resources)		(271,160)
Other Nonoperating Income		216,033
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		1,047,941
Inventories		(83,058)
Prepaid Items		(21,324)
Net OPEB Asset		64,469
Deferred Outflows Related to Pensions		(17,394,061)
Deferred Outflows Related to Other Postemployment Benefits		2,483,591
Changes in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Liabilities		998,067
Unearned Revenue		200,272
Funds Held for Others		150,821
Net Pension Liability		41,322,425
Net Other Postemployment Benefits Liability		(30,989,527)
Compensated Absences		158,801
Deferred Inflows Related to Pensions		(24,965,940)
Deferred Inflows Related to Other Postemployment Benefits		8,879,345
Net Cash Used by Operating Activities	$	(158,036,445)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$	6,894,702
Assets Acquired through a Gift	$	694,423
Loss on Disposal of Capital Assets	$	(541,612)
Increase in Receivables Related to Nonoperating/Other Revenues	$	358,834
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	$	(676,573)

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

COMPONENT UNIT EXHIBITS

Central Piedmont Community College Foundation
Statement of Financial Position
June 30, 2023

Exhibit B-1

	Total
ASSETS	
Cash, Cash Equivalents, and Restricted Cash	$ 5,401,378
Contributions Receivable	17,499,292
Investments	69,540,466
Real Estate Held Under Operating Leases	3,222,031
Property Held for Sale	95,000
Other Assets	1,137,183
Total Assets	$ 96,895,350
LIABILITIES	
Accounts payable and accrued expenses	$ 302,407
Unearned special event income	23,332
Obligations under annuity agreements	159,790
Note payable	1,403,227
Total Liabilities	1,888,756
NET ASSETS	
Without Donor Restrictions:	10,913,418
With Donor Restrictions	84,093,176
Total Net Assets	95,006,594
Total Liabilities and Net Assets	$ 96,895,350

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

Central Piedmont Community College Foundation
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT:			
Contributions and grants	$ 300,561	$ 17,546,991	$ 17,847,552
Donated services	1,044,698	-	1,044,698
In-kind contributions	23,118	259,353	282,471
Special event income	314,766	-	314,766
Net investment return	845,279	-	845,279
Rental income	220,243	59,757	280,000
Other income	11,809	-	11,809
	2,760,474	17,866,101	20,626,575
Change in value of contribution receivable	-	(197,792)	(197,792)
Change in value of annuity obligations	-	(27,871)	(27,871)
Net assets released from restrictions	5,228,864	(5,228,864)	-
Total Revenue, Gains, and Other Support	7,989,338	12,411,574	20,400,912
EXPENSES:			
Program	8,505,636	-	8,505,636
Fundraising	1,302,911	-	1,302,911
Management and general	527,461	-	527,461
Total Expenses	10,336,008	-	10,336,008
Change in Net Assets from Operations	(2,346,670)	12,411,574	10,064,904
NONOPERATING ACTIVITIES			
Net Investment Return	675,146	4,915,185	5,590,331
Change in Net Assets	(1,671,524)	17,326,759	15,655,235
NET ASSETS			
Net Assets at Beginning of Year	12,584,942	66,766,417	79,351,359
Net Assets at End of Year	$ 10,913,418	$ 84,093,176	$ 95,006,594

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America ("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") is a component unit of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*.

The accompanying financial statements present all funds of the College and its component 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. See below for further discussion of the College's component units. 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. The Central Piedmont Community College Services Corporation does not have separate corporate powers that would distinguish it as being legally separate from the College. All board members are employees of the College or board members of the College's Board of Trustees; therefore, the organization is presented as a blended component unit within the College's financial statements.

- WTVI Foundation, Inc. – This organization provides funding to support the activities of WTVI, a public telecommunications station operated by the College. WTVI Foundation does not have separate corporate powers that would distinguish it as being legally separate from the College. All board members are employees of the College or board members of the College's Board of Trustees; therefore, the organization is presented as a blended component unit within the College's financial statements.

Condensed combining information regarding blended component units is provided in Note 18.

Discretely Presented Component Unit – Central Piedmont Community College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt, nonprofit corporation and is reported as 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, 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, 2023. The audited financial statements for the Foundation can be obtained from Central Piedmont Community College Foundation, Inc., P.O. 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, contributions, and gifts. 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, county appropriations, 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, and production services 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 computer 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. Lease liabilities are capitalized as a right-of-use asset when the leased asset has a cost of $15,000 or greater and an estimated useful life of more than one year.

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

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

Right-of-use lease and subscription assets are recorded at the present value of payments expected to be made during the lease or subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-of-use asset into service. Lease liabilities are capitalized as a right-of-use asset when the underlying leased asset has a cost of $15,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-of-use asset when the underlying subscription asset has a cost of $15,000 or greater and an estimated useful life of more than one year.

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

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Certain deferred outflows consist of the loss related to the sale-leaseback transaction on a College 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 assets 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 benefit ("OPEB") plans are further discussed in Notes 12 and 13. Deferred inflows related to leases are further discussed in Note 8.

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, 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. Other long-term liabilities include lease liabilities, subscription liabilities, 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 2022 *Annual Comprehensive Financial Report.* This liability represents the College's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 12 for further information regarding the College's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

The net OPEB liability represents the College's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2022 *Annual Comprehensive Financial Report*. This liability represents the College's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. See Note 13 for further information regarding the College's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

The lease liability represents the College's future principal payments due to the lessor. The College adopted GASB Statement No. 87, *Leases*, for the year ended June 30, 2022. See Note 8 for further information regarding the College's lease portfolio.

The software subscription liability, referred to as the Subscription-Based Information Technology Arrangements ("SBITAs") liability, represents the College's future principal payments due to software subscription vendors. The College adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. See Note 8 for further information regarding the College's software subscriptions.

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 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, including right-of-use lease assets and right-of-use subscription assets, net of outstanding liabilities related to those capital assets, including lease and subscription payable balances. 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, 2023.

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 revenue and certain other revenues the 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 gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

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 ("G.S.")* 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 G.S. 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, 2023 includes cash on hand totaling $17,676, and deposits in private financial institutions with a carrying value of $31,089,480 and a bank balance of $31,481,195.

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, 2023, 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; 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, 2023, the amount shown on the Statement of Net Position as cash and cash equivalents includes $55,916,002, which represents the College's equity position in the State Treasurer's Short-Term Investment Fund ("STIF"). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 0.7 years as of June 30, 2023. 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 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.

	Cost	Market
Cash	$ 3,334,967	$ 3,334,967
Money Market Funds	3,812,893	3,812,893
Treasury Bills	4,999,520	5,030,831
Private Investment Funds	51,330,070	57,361,775
Total Investments	$ 63,477,450	$ 69,540,466

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, 2023. 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 $55,916,002 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 Statement No. 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 Unit – The following table summarizes the valuation of the College's discretely presented component unit's financial assets and liabilities measured at fair value as of June 30, 2023, based on the level of input utilized to measure fair value:

	Fair Value Measurements at June 30, 2023 Using:			
	Level 1	Level 2	Level 3	Total
Measurement on a recurring basis:				
Short-term Investments:				
Cash and Cash Equivalents	$ -	$ 3,334,967	$ -	$ 3,334,967
Treasury Bills	5,030,831	-	-	5,030,831
Designated investments:				
Money Market Funds	2,871,524	-	-	2,871,524
Assets held under annuity agreements:				
Private Investment Funds (NAV):				
Equity Funds [1]	-	-	-	689,454
Bond Funds [1]	-	-	-	170,709
Endowment investments:				
Money Market Funds	941,369	-	-	941,369
Private Investment Funds (NAV):				
Equity Funds [1]	-	-	-	40,244,337
Bond Funds [1]	-	-	-	12,174,726
Private Equity [1]	-	-	-	2,295,136
Venture Capital [1]	-	-	-	1,787,413
Total Investments	$ 8,843,724	$ 3,334,967	$ -	$ 69,540,466
Contributions receivable	$ -	$ -	$ 17,499,292	$ 17,499,292
Obligations under annuity agreements	$ -	$ -	$ (159,790)	$ (159,790)

[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 Foundation's 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 NAV per share for the year ended June 30, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity fund [(a)]	$ 40,933,791	$ -	monthly	5 days
Bond fund [(b)]	12,345,435	-	monthly	5 days
Private equity [(c)]	1,189,866	221,250	n/a	n/a
Private equity [(d)]	1,059,217	618,870	n/a	n/a
Private equity [(e)]	46,053	2,552,812	n/a	n/a
Venture capital [(f)]	806,878	27,500	n/a	n/a
Venture capital [(g)]	747,280	83,475	n/a	n/a
Venture capital [(h)]	233,255	660,300	n/a	n/a
Natural Resources [(i)]	-	750,000	n/a	n/a
Total	$ 57,361,775	$ 4,914,207		

(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 June 24, 2022 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 June 24, 2034, unless terminated earlier or extended in accordance with the partnership agreement.

(f) 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.

(g) 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.

(h) Partnership that commenced operations on January 14, 2022 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 October 1, 2033, unless terminated earlier or extended in accordance with the partnership agreement.

(i) Partnership that commenced operations on May 25, 2023 and primarily seeks to achieve long-term capital appreciation and invests coal, industrial materials, and other natural resources as well as rights to sequester carbon dioxide underground and in standing forests and opportunities for renewable energy production. The partnership is scheduled to terminate on October 1, 2035, unless terminated earlier or extended in accordance with the partnership agreement.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2023, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 2,241,134	$ 527,181	$ 1,713,953
Accounts	1,232,627	25,471	1,207,156
Construction	311,342	-	311,342
Total Receivables	$ 3,785,103	$ 552,652	$ 3,232,451

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, 2023:

In One Year or Less	$ 6,588,563
Between One and Five Years	7,915,098
Five to Ten Years	500,000
Ten Years and Thereafter	3,600,000
	18,603,661
Less:	
Discount to Net Present Value	(1,104,369)
Contributions Receivable, Net	$ 17,499,292

NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2023, is presented as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets, Nondepreciable:				
Land and Permanent Easements	$ 34,382,454	$ 1,046,793	$ -	$ 35,429,247
Construction in Progress	903,185	3,450,651	2,978,708	1,375,128
Total Capital Assets, Nondepreciable	35,285,639	4,497,444	2,978,708	36,804,375
Capital Assets, Depreciable/Amortizable:				
Buildings	671,619,038	3,007,122	991,700	673,634,460
Machinery and Equipment	41,173,314	4,923,795	550,980	45,546,129
Art, Literature, and Artifacts	662,369	-	-	662,369
General Infrastructure	18,166,568	-	-	18,166,568
Right to Use Lease Asset - Buildings	2,355,325	-	-	2,355,325
Right to Use Lease Asset - M&E	566,613	310,852	15,554	861,911
Right to Use Lease Asset - Gen Infrastructure	8,894,594	-	-	8,894,594
Right to Use Subscription Assets	-	5,974,679	-	5,974,679
Total Capital Assets, Depreciable/Amortizable	743,437,821	14,216,448	1,558,234	756,096,035
Less Accumulated Depreciation/Amortization for:				
Buildings	132,070,843	15,651,377	512,378	147,209,842
Machinery and Equipment	21,198,649	2,490,124	488,690	23,200,083
Art, Literature, and Artifacts	201,819	17,103	-	218,922
General Infrastructure	8,184,294	550,558	-	8,734,852
Right to Use Lease Asset - Buildings	639,990	319,992	-	959,982
Right to Use Lease Asset - M&E	298,570	169,022	15,554	452,038
Right to Use Lease Asset - Gen Infrastructure	1,531,571	251,348	-	1,782,919
Right to Use Subscription Assets	-	1,961,470	-	1,961,470
Total Accumulated Depreciation/Amortization	164,125,736	21,410,994	1,016,622	184,520,108
Total Capital Assets, Depreciable/Amortizable, Net	579,312,085	(7,194,546)	541,612	571,575,927
Capital Assets, Net	$ 614,597,724	$ (2,697,102)	$ 3,520,320	$ 608,380,302

As of June 30, 2023, the total amount of right-of-use leased and subscription assets was $12,111,830 and $5,974,679, and the related accumulated amortization was $3,194,939 and $1,961,470, respectively.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2023 were as follows:

	Balance
Accounts Payable	$ 3,717,443
Accounts Payable - Capital Assets	384,553
Accrued Payroll	2,033,079
Contract Retainage	272,638
Total Accounts Payable and Accrued Liabilities	$ 6,407,713

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, 2023, is presented as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Long-Term Debt					
Notes from Direct Borrowings	$ 3,611,383	$ -	$ 900,435	$ 2,710,948	$ 578,620
Other Long-Term Liabilities					
Leases Payable	5,969,628	310,852	1,163,332	5,117,148	1,190,207
Subscription ("SBITA") Liability	-	5,926,657	2,727,829	3,198,828	2,198,370
Compensated Absences	5,588,698	4,610,432	4,451,630	5,747,500	954,139
Net Pension Liability (Note 12)	21,007,553	41,322,425	-	62,329,978	-
Net OPEB Liability (Note 13)	120,783,848	-	31,666,100	89,117,748	-
Total Other Long-Term Liabilities	153,349,727	52,170,366	40,008,891	165,511,202	4,342,716
Total Long-Term Liabilities	$ 156,961,110	$ 52,170,366	$ 40,909,326	$ 168,222,150	$ 4,921,336

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, 2023	Principal Outstanding June 30, 2023
Guaranteed Energy Savings Contract #1	Truist Equipment Financing & Leasing Corp.	4.09%	9/1/2023	$ 3,626,784	$ 3,510,972	$ 115,812
Guaranteed Energy Savings Contract #2	Bank of America Public Capital Corp.	2.64%	10/15/2028	6,457,918	3,862,782	2,595,136
Total Notes from Direct Borrowings				$ 10,084,702	$ 7,373,754	$ 2,710,948

The annual requirements to pay principal and interest on notes from direct borrowings at June 30, 2023, are as follows:

Fiscal Year	Principal	Interest
2024	578,620	63,724
2025	473,653	50,585
2026	484,757	37,947
2027	496,126	25,012
2028-2029	677,792	12,703
Total	$ 2,710,948	$ 189,971

NOTE 8 - LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Lessor Arrangements – The College leases office space, parking space, and broadcast tower space to external parties. The leases expire at various dates, and some have renewal options. Lease receivables and related deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate stated per the lease contract, or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

Measurement of the lease receivable excluded the following variable payment amounts: the increase or decrease in payments after the initial measurement of the lease receivable that depend on changes in an index or rate (such as the Consumer Price Index). The College recognized revenues of $765 during the fiscal year for these changes in variable payments not previously included in the measurement of the lease receivable.

The College 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 and is not subject to the new GASB Statement No. 87, *Leases*, as it is an intangible asset. Revenue related to tower space and Instructional Television Fixed Service airtime is located in Lease Income.

Future lease payments to be received related to excess broadband capacity as of June 30, 2023 were as follows:

Fiscal Year	Amount
2024	$ 184,667
2025	184,667
2026	184,667
2027	184,667
2028	184,667
2029-2033	923,333
2034-2037	738,664
Total	$ 2,585,332

During the year ended June 30, 2023, the College recognized operating revenues related to lessor arrangements totaling $276,197, and nonoperating lease interest income totaling $48,542**.**

The College's lessor arrangements at June 30, 2023, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2023	Current Portion	Lease Terms [1]	Interest Rate Ranges
Buildings	1	$ 4,913	$ 4,913	3 years	3.25%
General Infrastructure	8	1,425,704	259,935	14 years	3.25%-6.25%
Total	9	$ 1,430,617	$ 264,848		

[1] The lease terms were calculated using weighted averages based on lease receivable amounts.

Future principal and interest lease payments to be received related to tower space, parking spaces, and building rentals as of June 30, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 264,848	$ 48,789	$ 313,637
2025	192,709	40,165	232,874
2026	114,626	35,160	149,786
2027	116,945	30,486	147,431
2028	122,492	25,721	148,213
2029-2033	568,261	55,091	623,352
2034-2038	50,736	366	51,102
Total	$ 1,430,617	$ 235,778	$ 1,666,395

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

The College's lessee arrangements at June 30, 2023, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liability June 30, 2023	Current Portion	Lease Terms [1]	Interest Rate Ranges
Right-to-Use Buildings	2	$ 1,467,920	$ 317,928	9 years	3.25%
Right-to-Use Machinery and Equipment	6	415,361	180,517	5 years	3.25%-8.00%
Right-to-Use General Infrastructure	2	3,233,867	691,762	31 years	3.25%-3.74%
Total	10	$ 5,117,148	$ 1,190,207		

[1] The lease terms were calculated using weighted averages based on lease payable amounts.

C. Sale-Lease Back Transaction – During the year ended June 30, 2013, at the request of Mecklenburg County (the "County"), the College transferred the deed to its parking deck at the corner of Charlottetowne Avenue and East 4th Street to the County. The College 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, the College 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. The College 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 financing 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, 2023, the deferred outflow amount was $1,164,068.

The parking deck acquired under the aforementioned lease amounted to $5,812,102. Amortization for the capital assets associated with this lease is included in depreciation expense. Accumulated amortization for the parking deck acquired under the lease totaled $1,464,288 at June 30, 2023.

D. In-Kind Rent: 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 $645,150 for the fiscal year ended June 30, 2023, 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.

E. Related Party Lease: The College leases property from the Central Piedmont Community College Foundation, a discretely presented component unit of the College, whereby the College made annual lease payments of $250,000 to the Foundation through the termination date on April 30, 2019. Effective May 1, 2019, the lease agreement continues on a year-to-year basis with annual lease payments totaling $280,000. The lease is included in the calculation of leases payable, as shown in Notes 7 and 8, with a total lease payable balance of $1,048,800 at June 30, 2023.

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

The College's SBITAs at June 30, 2023, are summarized below (excluding short-term SBITAs):

SBITA	Number of Lease Contracts	Subscription (SBITA) Liabilities June 30, 2023	Current Portion	SBITA Terms [1]	Interest Rate Ranges
Right-to-Use Subscription Assets	69	$ 3,198,828	$ 2,198,370	3 years	4.75%

[1] The SBITA terms were calculated using weighted averages based on SBITA payable amounts.

G. Annual Requirements – The annual requirements to pay principal and interest on leases and SBITAs at June 30, 2023, are as follows:

	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$ 1,190,207	$ 174,790	$ 2,198,370	$ 108,246
2025	1,174,000	129,603	628,308	31,970
2026	963,508	85,394	344,732	9,731
2027	896,699	52,951	27,418	897
2028	454,279	27,481	-	-
2029-2033	438,444	12,664	-	-
2034-2038	3	2	-	-
2039-2043	4	1	-	-
2044-2048	4	1	-	-
Total	$ 5,117,148	$ 482,887	$ 3,198,828	$ 150,844

NOTE 9 - NET POSITION

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

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	$ (28,072,101)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(127,056,262)
Effect on Unrestricted Net Position	(155,128,363)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	72,084,798
Total Unrestricted Net Position	$ (83,043,565)

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

NOTE 10 - REVENUES

A summary of discounts and allowances by revenue classification for the year ended June 30, 2023 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	$ 38,494,548	$ -	$ 13,858,561	$ 2,161	$ 24,633,826
Sales and Services:					
Sales and Services of Auxiliary Enterprises					
Student Union Services	$ 1,378,016	$ -	$ 441,950	$ -	$ 936,066.00
Parking and Security Fee	2,273,683	-	676,722	-	1,596,961
Bookstore and Vending Commissions	956,417	-	-	-	956,417
WTVI	3,430,756	409,588	-	-	3,021,168
Harris Conference Center	1,009,150	709	-	-	1,008,441
Theatre and The Arts	702,253	1,322	-	-	700,931
Center for Applied Research	1,640	-	-	-	1,640
Other Campus Service Centers	492,476	263,584	-	-	228,892
Other Sales and Services	115,739	-	-	-	115,739
Total Sales and Services	$ 10,360,130	$ 675,203	$ 1,118,672	$ -	$ 8,566,255

NOTE 11 - OPERATING EXPENSES BY FUNCTION

The College's operating expenses by functional classification, for the year ended June 30, 2023 are presented as follows:

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	$ 47,833,451	$ 2,718,235	$ 42,603	$ -	$ -	$ 50,594,289
Academic Support	9,506,190	780,313	-	-	-	10,286,503
Student Services	14,985,182	417,402	938,070	-	-	16,340,654
Institutional Support	21,318,968	13,685,978	323,930	-	-	35,328,876
Operations and Maintenance of Plant	1,846,304	21,831,753	-	4,239,333	-	27,917,390
Student Financial Aid	-	-	20,500,544	-	-	20,500,544
Auxiliary Enterprises	5,530,753	9,977,644	80,927	-	-	15,589,324
Pension & OPEB Expense	(3,174,609)	-	-	-		(3,174,609)
Depreciation	-	-	-	-	21,410,994	21,410,994
Total Operating Expenses	$ 97,846,239	$ 49,411,325	$ 21,886,074	$ 4,239,333	$ 21,410,994	$ 194,793,965

Included in the scholarship and fellowship function are student financial aid operating expenses for emergency financial aid payments to eligible students. These payments are for expenses related to the disruption of campus operations due to the coronavirus of $2,500,426 provided by the Higher Education Emergency Relief Fund ("HEERF"). Because of the administrative involvement by the College in providing the student awards, the related program activity is reported as nonoperating Federal Aid – Coronavirus Relief Fund revenue and student financial aid operating expenses. Since the purpose of the student aid is not for educational or scholarship purposes, they do not affect the scholarship discounting adjustments reported in Note 10.

NOTE 12 - PENSION PLANS

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 of North Carolina to provide pension benefits for general employees and law enforcement officers ("LEO") of the State of North Carolina, general employees and LEOs of its component units, and employees of Local Education Agencies ("LEA") and charter schools not in the reporting entity. Membership is comprised of employees of the State of North Carolina (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 membership service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of membership service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases.

Contributions – Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate ("ADC"). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The College's contractually-required contribution rate for the year ended June 30, 2023 was 17.38% of covered payroll. Plan members' contributions to the pension plan were $4,290,275, and the College's contributions were $12,427,719 for the year ended June 30, 2023.

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 2022 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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

Methods Used to Value TSERS Investment - Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2022 *Annual Comprehensive Financial Report*.

Net Pension Liability - At June 30, 2023, the College reported a liability of $62,329,978 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. The College's proportion of the net pension liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2022, the College's proportion was .41995%, which was a decrease of .02868% from its proportion measured as of June 30, 2021, which was .44863%.

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	12/31/2021
Inflation	2.50%
Salary Increases*	3.25%-8.05%
Investment Rate of Return**	6.50%

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return includes inflation assumption and is net of pension plan investment expense.

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost-of-living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.10%
Global Equity	6.50%
Real Estate	5.90%
Alternatives	7.50%
Opportunistic Fixed Income	5.00%
Inflation Sensitive	2.70%

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

Discount Rate – The discount rate used to measure the total pension liability was 6.5% for the December 31, 2021 valuation. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the plan at June 30, 2022 calculated using the discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

Net Pension Liability		
1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
$ 110,202,578	$ 62,329,978	$ 22,814,976

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2023, the College recognized pension expense of $11,387,705.

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 271,388	$ 849,567
Changes of Assumptions	4,917,598	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,471,664	-
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	-	2,980,925
Contributions Subsequent to the Measurement Date	12,427,719	-
Total	$ 38,088,369	$ 3,830,492

The amount of $12,427,719 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

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

Year Ended June 30:	Amount
2024	$ 5,358,214
2025	5,094,152
2026	1,564,253
2027	9,813,539
Total	$ 21,830,158

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 IRC 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 $225,929 for the year ended June 30, 2023.

Internal Revenue Code Section 401(k) Plan – All members of the TSERS 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 $631,788 for the year ended June 30, 2023.

IRC Section 401(k) Plan with Roth options – All members of the TSERS 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 $178,459 for the year ended June 30, 2023.

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 $623,355 for the year ended June 30, 2023.

NOTE 13 - 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 2022 *Annual Comprehensive Financial Report.* An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

A. Summary of Significant Accounting Policies and Plan Asset Matters

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

Methods Used to Value Plan Investments – Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefit funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2022 *Annual Comprehensive Financial Report.*

B. Plan Descriptions

1. Health Benefits

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

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

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

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

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

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

Contributions – Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Act. The College's contractually-required contribution rate for the year ended June 30, 2023 was 6.89% of covered payroll. The College's contributions to the RHBF were $4,926,754 for the year ended June 30, 2023.

In fiscal year 2021, the Plan transferred $187 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2023, the College recognized noncapital contributions for RHBF of $676,573.

2. Disability Income

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

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

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of $3,900 per month reduced by any primary Social Security disability benefits, by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee be at least age 62, and by monthly payments for workers' compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than $10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

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

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

Contributions – Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North Carolina General Assembly and coincide with the State's fiscal year. The College's contractually-required contribution rate for the year ended June 30, 2023 was 0.10% of covered payroll. The College's contributions to DIPNC were $71,506 for the year ended June 30, 2023.

C. Net OPEB Liability

Retiree Health Benefit Fund – At June 30, 2023, the College reported a liability of $89,008,864 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021, and update procedures were used to roll forward the total OPEB liability to June 30, 2022. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2022, the College's proportion was .37482%, which was a decrease of .01587% from its proportion measured as of June 30, 2021, which was .39069%.

Disability Income Plan of North Carolina – At June 30, 2023, the College reported a liability of $108,884 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021, and update procedures were used to roll forward the total OPEB liability to June 30, 2022. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2022, the College's proportion was .36602%, which was a decrease of .02867% from its proportion measured as of June 30, 2021, which was .39469%.

Actuarial Assumptions - The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2022 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2021	12/31/2021
Inflation	2.50%	2.50%
Salary Increases*	3.25%-8.05%	3.25%-8.05%
Investment Rate of Return**	6.50%	3.00%
Healthcare Cost Trend Rate - Medical***	6.00% grading down to 5.00% by 2027	N/A
Healthcare Cost Trend Rate - Prescription Drug***	9.50% grading down to 5.00% by 2031	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	0.00% through 2025, 5.00% thereafter	N/A
Healthcare Cost Trend Rate - Administrative***	3.00%	N/A

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return is net of OPEB plan investment expense, including inflation.
*** Disability Income Plan of NC eliminated employer reimbursements from the Plan (which included State Health Plan premiums) effective July 1, 2019
N/A - Not Applicable

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2022.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2022 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.10%
Global Equity	6.50%
Real Estate	5.90%
Alternatives	7.50%
Opportunistic Fixed Income	5.00%
Inflation Sensitive	2.70%

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

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

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

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

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Prior to July 1, 2019, employers received a reimbursement from DIPNC for employer costs, including the employer's share of the State Health Plan premiums, incurred during the second six months of the first year of a member's short-term disability coverage. With the elimination of the reimbursement to employers, State Health Plan premiums are no longer reimbursed by DIPNC for the benefits that were effective on or after July 1, 2019.

The actuarial assumptions used in the December 31, 2021 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as medical claims and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate - The discount rate used to measure the total OPEB liability for RHBF was 3.54% at June 30, 2022 compared to 2.16% at June 30, 2021. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments to current plan members. As a result, a municipal bond rate of 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

The discount rate used to measure the total OPEB liability for DIPNC was 3.08% at June 30, 2022 compared to 3.0% at June 30, 2021. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments to the current plan members. In order to develop the blended discount rate of 3.08%, 3.0% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.54% was used during the period that the plan was projected to have no fiduciary net position. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

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

	Net OPEB Liability		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
RHBF	$ 104,841,108	$ 89,008,864	$ 76,076,556
	1% Decrease (2.08%)	Current Discount Rate (3.08%)	1% Increase (4.08%)
DIPNC	$ 134,077	$ 108,884	$ 83,628

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

	Net OPEB Liability		
	1% Decrease (Medical - 4.00% - 5.00%, Pharmacy - 4.00% - 8.50%, Med. Advantage - 0.00% - 4.00%, Administrative - 2.00%)	Current Healthcare Cost Trend Rates (Medical - 5.00% - 6.00%, Pharmacy - 5.00% - 9.50%, Med. Advantage - 0.00% - 5.00%, Administrative - 3.00%)	1% Increase (Medical - 6.00% - 7.00%, Pharmacy - 6.00% - 10.50%, Med. Advantage - 0.00% - 6.00%, Administrative - 4.00%)
RHBF	$ 73,267,782	$ 89,008,864	$ 109,354,368

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

OPEB Expense – For the fiscal year ended June 30, 2023, the College recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	$ (14,725,801)
DIPNC	163,488
Total OPEB Expense	$ (14,562,313)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2023, 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	$ 864,158	$ 122,049	$ 986,207
Changes of Assumptions	7,126,316	6,998	7,133,314
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	770,778	115,165	885,943
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	1,215,654	46,915	1,262,569
Contributions Subsequent to the Measurement Date	4,926,754	71,505	4,998,259
Total	$ 14,903,660	$ 362,632	$ 15,266,292

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

	RHBF	DIPNC	Total
Difference Between Actual and Expected Experience	$ 246,297	$ -	$ 246,297
Changes of Assumptions	40,510,030	20,171	40,530,201
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	12,428,308	-	12,428,308
Contributions Subsequent to the Measurement Date	-	-	-
Total	$ 53,184,635	$ 20,171	$ 53,204,806

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liabilities related to RHBF and DIPNC in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

Year Ended June 30:	RHBF	DIPNC
2024	$ (14,073,663)	$ 66,185
2025	(11,418,694)	74,111
2026	(11,195,861)	54,730
2027	(6,519,511)	44,192
2028	-	15,841
Thereafter	-	15,897
Total	$ (43,207,729)	$ 270,956

NOTE 14 - RISK MANAGEMENT

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

A. Employee Benefit Plans

1. State Health Plan

College employees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan ("Plan"), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims. See Note 13, Other Postemployment Benefits, for additional information regarding retiree health benefits.

2. Death Benefit Plan of North Carolina

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

3. Disability Income Plan

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

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

Fire and other property losses are covered by contracts with private insurance companies. The policy limit is $650,000,000 and carries a deductible between $10,000 and $250,000, depending on the incident. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

2. Public Officers' and Employees' Liability Insurance

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

3. Employee Dishonesty and Computer Fraud

The College is protected for losses from employee dishonesty and computer fraud for employees paid in whole or in part from state funds. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. The North Carolina Community College System Office is charged a premium by the private insurance company. Coverage limit is $5,000,000 per occurrence. The private insurance company pays 90% of each loss less a $100,000 deductible. 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 $1,000,000. Forgery or alteration has a $1,000 deductible with a $500,000 limit. Deception fraud/fraud impersonation has a $1,000 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 in whole or in part from county or institutional funds.

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

5. Other Insurance Held by the College

The College purchased 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.

The College purchased cyber liability coverage from a private insurance company to cover media content insurance with a $3,000,000 sub-limit liability and a $500,000 retention, security and privacy liability insurance with a $3,000,000 sub-limit liability, event management insurance with a $3,000,000 sub-limit liability and a $500,000 retention.

NOTE 15 - 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 $7,253,489 at June 30, 2023.

NOTE 16 - THE CORONAVIRUS PANDEMIC EMERGENCY

In response to the coronavirus pandemic emergency, the federal government provided grants to the State and the College through various coronavirus program funds appropriated by (1) The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), (2) The Coronavirus Response and Relief Supplemental Appropriations within the Federal Consolidated Appropriations Act of 2021 (CRRSA) and (3) The American Rescue Plan Act of 2021.

The grant revenues from the various coronavirus program funds are contingent upon meeting the terms and conditions of the grant and signed agreements with the funding agencies, incurring qualifying expenditures, and are reported in the following nonoperating revenue captions of the financial statements:

State Aid – Coronavirus Relief – This caption includes grant funds received directly by the State from the Department of US Treasury, Coronavirus Relief Fund, and appropriated by the State to the College.

Federal Aid – Coronavirus Relief – This caption includes grant funds received directly by the College from the US Department of Education, Higher Education Emergency Relief Funds (HEERF), and the US Department of Homeland Security, FEMA Disaster Recovery Funds.

Summary of State and Federal Aid- Coronavirus Relief Revenue Activities for the Fiscal Year Ended June 30, 2023:

Program	Total Authorized Award	2020 Earned Revenue	2021 Earned Revenue	2022 Earned Revenue	2023 Earned Revenue	2023 Unearned Revenue [1]
State Aid - Coronavirus Relief Fund:						
CRF - Community College System Office Allocations	$ 2,914,727	$ 8,000	$ 1,720,395	$ 420,433	$ 610,100	$ -
Total State Aid - Coronavirus Relief Fund [2]	$ 2,914,727	$ 8,000	$ 1,720,395	$ 420,433	$ 610,100	$ -
Federal Aid - Coronavirus Relief Fund:						
HEERF - Student Allocation	$ 31,075,789	$ 3,195,150	$ 10,409,318	$ 17,078,733	$ 392,588	$ -
HEERF - Institutional Allocation [3]	41,012,078	671,686	3,654,803	18,732,656	16,179,376	-
HEERF - Additional Award	3,159,285	-	2,230	591,679	265,093	-
Total Federal Aid - Coronavirus Relief Fund	$ 75,247,152	$ 3,866,836	$ 14,066,351	$ 36,403,068	$ 16,837,057	$ -

(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 HEERF funds at June 30, 2023. The institution believes that the "Use of Funds" requirement will be fully met by the end of the program.

NOTE 17 - 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 $8,299,005 for the year ended June 30, 2023 and was included in the *Noncapital Gifts, Net* and *Capital Gifts, Net* on the Statement of Revenues, Expenses, and Changes in Net Positions. The College had receivables from the Foundation of $94,240 as of June 30, 2023.

NOTE 18 - BLENDED COMPONENT UNIT

Condensed combining information for the College's blended component units for the year ended June 30, 2023, is presented as follows:

Central Piedmont Community College Services Corp., Inc.
Condensed Statement of Net Position
June 30, 2023

Total Assets	$	4,282,438
Total Liabilities		326,002
Total Net Position	$	3,956,436

Central Piedmont Community College Services Corp., Inc.
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenues		
Sales and Services	$	1,885,117
Operating Expenses		
Salaries and Benefits		1,049,727
Contracted Services		488,319
Other Expenses		299,064
Total Operating Expenses		1,837,110
Non-Operating Revenues		
Interest Income		41,490
Change in Net Position		89,497
Net Position, July 1, 2022		3,866,939
Net Position, June 30, 2023	$	3,956,436

Central Piedmont Community College Services Corp., Inc.
Condensed Statement of Cash Flows
For the Year Ended June 30, 2023

Net Cash Provided by Operating Activities	$	164,815
Net Cash Used by Investing Activities		(1,624,642)
Cash and Cash Equivalents, July 1, 2022		2,480,310
Cash and Cash Equivalents, June 30, 2023	$	1,020,483

WTVI Foundation, Inc.
Condensed Statement of Net Position
June 30, 2023

Total Assets	$	57,039
Total Liabilities		2,454
Total Net Position	$	54,585

WTVI Foundation, Inc.
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenues		
Contributions	$	1,992,315
Program Underwriting		117,980
Total Operating Revenues		2,110,295
Operating Expenses		
Professional Services		376,604
Supplies, Postage, and Shipping		61,239
Advertising, General Printing, and Graphics		2,579
Travel, Conferences, and Meetings		2,441
Dues and Fees		33,998
Miscellaneous		5,529
Contribution to Related Party		1,608,937
Total Operating Expenses		2,091,327
Change in Net Position		18,968
Net Position, July 1, 2022		35,617
Net Position, June 30, 2023	$	54,585

WTVI Foundation, Inc.
Condensed Statement of Cash Flows
For the Year Ended June 30, 2023

Net Cash Provided by Operating Activities	$	8,868
Cash and Cash Equivalents, July 1, 2022		41,794
Cash and Cash Equivalents, June 30, 2023	$	50,662

NOTE 19 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2023, the College implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs") and providing guidance for accounting and financial reporting for availability payment arrangements ("APAs"). It improves financial reporting by establishing the definitions of PPPs and APAs (including those that meet the definition of a service concession arrangement) and providing guidance on accounting and financial reporting for transactions that meet those definitions. This guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. It also enhances the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will also allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The College evaluated GASB Statement No. 94 and does not have any PPPs or APAs.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs"). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-of-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITAs.

NOTE 20 - SUBSEQUENT EVENTS

The College has evaluated subsequent events through December 20, 2023, which is the date the financial statements were available to be issued.

NOTE 21 - AUDIT HOURS AND COST

The audit required 420 audit hours at an approximate cost of $57,200. The cost represents .03% of the total expenses subject to the audit.

REQUIRED SUPPLEMENTARY INFORMATION

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 Ten Fiscal Years* ***Exhibit C-1***

Teachers' and State Employees' Retirement System	**2023**	**2022**	**2021**	**2020**	**2019**
Proportionate Share Percentage of Collective Net Pension Liability	0.41995%	0.44863%	0.46633%	0.48086%	0.50278%
Proportionate Share of TSERS Collective Net Pension Liability	$ 62,329,978	$ 21,007,553	$ 56,341,977	$ 49,850,549	$ 50,057,224
Covered Payroll	$ 70,765,894	$ 70,999,607	$ 73,364,167	$ 74,552,356	$ 74,736,968
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	88.08%	29.59%	76.80%	66.87%	66.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.14%	94.86%	85.98%	87.56%	87.61%

	2018	**2017**	**2016**	**2015**	**2014**
Proportionate Share Percentage of Collective Net Pension Liability	0.50964%	0.50835%	0.48573%	0.46411%	0.44450%
Proportionate Share of TSERS Collective Net Pension Liability	$ 40,437,085	$ 46,722,616	$ 17,900,112	$ 5,441,323	$ 26,985,679
Covered Payroll	$ 73,247,218	$ 71,439,188	$ 69,503,113	$ 66,472,799	$ 64,075,918
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	55.21%	65.40%	25.75%	8.19%	42.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

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

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	**2023**	**2022**	**2021**	**2020**	**2019**
Contractually Required Contribution	$ 12,427,719	$ 11,633,289	$ 10,493,742	$ 9,515,332	$ 9,162,485
Contributions in Relation to the Contractually Determined Contribution	$ 12,427,719	$ 11,633,289	$ 10,493,742	$ 9,515,332	$ 9,162,485
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 71,505,870	$ 70,765,894	$ 70,999,607	$ 73,364,167	$ 74,552,356
Contributions as a Percentage of Covered Payroll	17.38%	16.44%	14.78%	12.97%	12.29%

	2018	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 8,056,645	$ 7,310,072	$ 6,536,686	$ 6,359,535	$ 5,776,486
Contributions in Relation to the Contractually Determined Contribution	$ 8,056,645	$ 7,310,072	$ 6,536,686	$ 6,359,535	$ 5,776,486
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 74,736,968	$ 73,247,218	$ 71,439,188	$ 69,503,113	$ 66,472,799
Contributions as a Percentage of Covered Payroll	10.78%	9.98%	9.15%	9.15%	8.69%

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

Changes of Benefit Terms:

Cost of Living Increase

Teachers' and State Employees' Retirement System	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	1.00%	N/A

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

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

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

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

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

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

Changes of Assumptions: In January 2021, the actuarial assumptions for the TSERS were updated to more closely reflect actual experience.

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

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

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2022 *Annual Comprehensive 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 ***Exhibit C-3***
Last Seven Fiscal Years*

Retiree Health Benefit Fund	**2023**	**2022**	**2021**	**2020**	**2019**
Proportionate Share Percentage of Collective Net OPEB Liability	0.37482%	0.39069%	0.39666%	0.41460%	0.43313%
Proportionate Share of Collective Net OPEB Liability	$ 89,008,864	$ 120,783,848	$ 110,036,556	$ 131,177,066	$ 123,390,589
Covered Payroll	$ 70,765,894	$ 70,999,607	$ 73,364,167	$ 74,552,356	$ 74,736,968
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	125.78%	170.12%	149.99%	175.95%	165.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.58%	7.72%	6.92%	4.40%	4.40%

	2018	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability	0.41687%	0.44447%
Proportionate Share of Collective Net OPEB Liability	$ 136,676,625	$ 193,359,558
Covered Payroll	$ 73,247,218	$ 71,439,188
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	186.60%	270.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.52%	2.41%

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 ***Exhibit C-3***
Last Seven Fiscal Years*

Disability Income Plan of North Carolina	**2023**	**2022**	**2021**	**2020**	**2019**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.36602%	0.39469%	0.40441%	0.41984%	0.43954%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 108,884	$ 64,469	$ 198,945	$ 181,161	$ 133,515
Covered Payroll	$ 70,765,894	$ 70,999,607	$ 73,364,167	$ 74,552,356	$ 74,736,968
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.15%	0.09%	0.27%	0.24%	0.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.34%	105.18%	115.57%	113.00%	108.47%

	2018	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.44782%	0.44998%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 273,708	$ 279,438
Covered Payroll	$ 73,247,218	$ 71,439,188
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.37%	0.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	116.06%	116.06%

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

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

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

Retiree Health Benefit Fund	**2023**	**2022**	**2021**	**2020**	**2019**
Contractually Required Contribution	$ 4,926,754	$ 4,441,934	$ 4,742,774	$ 4,746,662	$ 4,674,433
Contributions in Relation to the Contractually Determined Contribution	$ 4,926,754	$ 4,441,934	$ 4,742,774	$ 4,746,662	$ 4,674,433
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 71,505,870	$ 70,765,894	$ 70,999,607	$ 73,364,167	$ 74,552,356
Contributions as a Percentage of Covered Payroll	6.89%	6.28%	6.68%	6.47%	6.27%

	2018	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 4,521,587	$ 4,254,302	$ 4,000,595	$ 3,815,721	$ 3,589,531
Contributions in Relation to the Contractually Determined Contribution	$ 4,521,587	$ 4,254,302	$ 4,000,595	$ 3,815,721	$ 3,589,531
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 74,736,968	$ 73,247,218	$ 71,439,188	$ 69,503,113	$ 66,472,799
Contributions as a Percentage of Covered Payroll	6.05%	5.81%	5.60%	5.49%	5.40%

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

Disability Income Plan of North Carolina	**2023**	**2022**	**2021**	**2020**	**2019**
Contractually Required Contribution	$ 71,506	$ 63,697	$ 63,900	$ 73,364	$ 104,373
Contributions in Relation to the Contractually Determined Contribution	$ 71,506	$ 63,697	$ 63,900	$ 73,364	$ 104,373
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 71,505,870	$ 70,765,894	$ 70,999,607	$ 73,364,167	$ 74,552,356
Contributions as a Percentage of Covered Payroll	0.10%	0.09%	0.09%	0.10%	0.14%

	2018	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 104,632	$ 278,339	$ 292,901	$ 284,963	$ 292,480
Contributions in Relation to the Contractually Determined Contribution	$ 104,632	$ 278,339	$ 292,901	$ 284,963	$ 292,480
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 74,736,968	$ 73,247,218	$ 71,439,188	$ 69,503,113	$ 66,472,799
Contributions as a Percentage of Covered Payroll	0.14%	0.38%	0.41%	0.41%	0.44%

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

Central Piedmont Community College
Notes to Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
For the Fiscal Year Ended June 30, 2023

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

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

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

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

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

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

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

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of College Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months preceding the date of the valuation results for the RHBF. The actuarially determined contribution rates in the Schedule of College Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the DIPNC. See Note 14 for more information on the specific assumptions for each plan. The actuarially determined contributions were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: Consistent with prior years, for the actuarial valuation measured as of June 30, 2022 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.54%, from 2.16% as of June 30, 2021. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next five years. The terms of the Pharmacy Benefits Management contract effective January 1, 2023 were incorporated in the valuation.

For the actuarial valuation measured as of June 30, 2022 for DIPNC, the discount rate was updated to 3.08%, from 3.00% as of June 30, 2021. This was a result of an update to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end, combined with the determination that the plan's fiduciary net position was not projected to be available to make all projected future benefit payments to the current plan members.

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

rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience. Also in 2020, disability rates were adjusted to the non-grandfathered assumptions used in the TSERS actuarial valuation to better align with the anticipated incidence of disability.

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

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

Cherry Bekaert LLP
Your Guide Forward

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*

To the 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, 2023, 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 20, 2023. The financial statements of Central Piedmont Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 section 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
December 20, 2023