GUILFORD TECHNICAL COMMUNITY COLLEGE

Jamestown, North Carolina

(A Component Unit of the State of North Carolina)

Financial Statement Audit Report
For the Year Ended June 30, 2023

GUILFORD TECHNICAL COMMUNITY COLLEGE
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INDEPENDENT AUDITORS' REPORT

SHARPE PATEL CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Guilford Technical Community College
Jamestown, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Guilford Technical Community College (the "College"), a component unit of the State of North Carolina, and the discretely presented component unit, Guilford Technical Community College Foundation, Inc. (the "Foundation") as well as its blended component unit, GTCC Innovative Resources and Subsidiary 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Guilford Technical Community College and its discretely presented component unit of the College as of June 30, 2023, and the changes in financial position and, where applicable, cash flows thereof 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 (GASS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller 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 Guilford Technical Community College and the discretely presented component unit, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Guilford Technical Community 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.

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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 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 *Governmental 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 Guilford Technical Community 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 Guilford Technical Community College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, on our consideration of the Guilford Technical Community 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 Guilford Technical Community 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 Guilford Technical Community College's internal control over financial reporting and compliance.

Sharpe Patel PLLC

Raleigh, North Carolina
February 14, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Guilford Technical Community College (the "College" or "GTCC") provides the following Management's Discussion and Analysis (MD&A) as an overview of the financial activity during the fiscal year ended June 30, 2023. This discussion, the following financial statements, and related notes to the financial statements have been prepared by management and comprise the College's complete financial report. The financial statements, notes to the financial statements, and this discussion are the responsibility of College management.

The purpose of the MD&A is to identify significant transactions that have financial impact and to highlight favorable and unfavorable trends. It should be read in conjunction with, and is qualified in its entirety by, the financial statements and notes to the financial statements.

GTCC is a comprehensive, public, two-year college serving primarily Guilford County residents on multiple campuses located in the Piedmont Triad region of NC. Providing educational opportunities to approximately 28,000 students per year, the College offers a broad range of college transfer, associate and technical degree programs in addition to customized corporate training, continuing education and special interest classes.

REPORTING ENTITY

The financial statements report information about the College as a whole with one blended component unit. GTCC Innovative Resources Corporation (GIRC) and its subsidiary GTCC Corporation for Creativity and Commerce (GC3) are legally separate, non-profit organizations formed to assist the College in its mission of service to the community. Its activities are blended with the College's as if it was part of the College; however, it is subject to a separate independent audit.

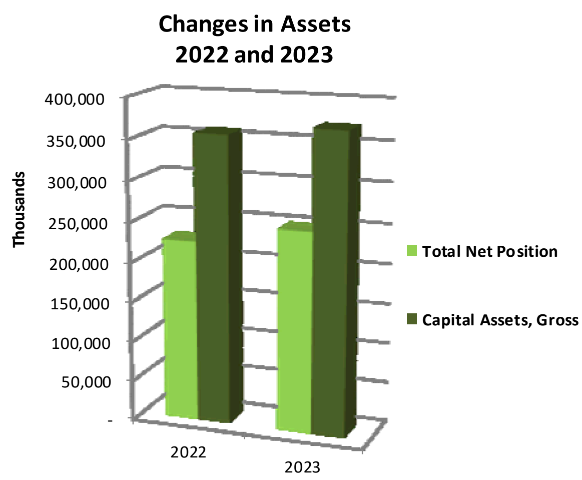
USING THE ANNUAL REPORT/ OVERVIEW OF FINANCIAL STATEMENTS

The College's financial report includes three financial statements:

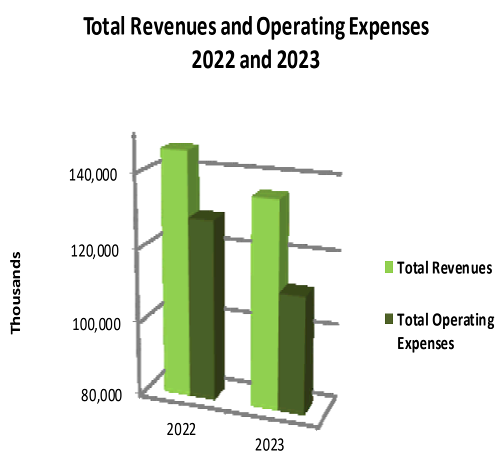
- the Statement of Net Position
- the Statement of Revenues, Expenses, and Changes in Net Position
- the Statement of Cash Flows.

These statements are prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities* and present financial information in a form similar to that used by corporations.

FINANCIAL HIGHLIGHTS 2022 AND 2023



- The College's total assets exceed total liabilities at June 30, 2023 by $249,812,277 (total net position). This is an increase of $26,188,145 in net position over the prior fiscal year. This is impacted by an increase in total assets caused by a restatement of $424,920 for an adjustment in the implementation of GASB 87 and an adjustment of $2,291,695 for an EBS license recognition.
- Capital assets before depreciation increased $13,170,579 to $370,739,121 on June 30, 2023.



- Total revenues for the fiscal year ended June 30, 2023 were $135,309,166, a decrease of $8,129,260 from the prior year. Operating revenues increased by $665,832 to $12,596,280 during the same period.
- Operating expenses at June 30, 2023 decreased by $16,733,803 from the prior year to $111,084,451.

STATEMENT OF NET POSITION

The Statement of Net Position summarizes the financial position of the College at June 30, 2023, defined by the balances of assets, liabilities, and assets net of liabilities. The statement is a point-in-time statement, the purpose of which is to present a fiscal snapshot of the College. From the data presented, readers of this statement are able to determine the assets available to continue the operations of the institution. The net position is one indicator of the College's financial health. Increases or decreases in net position (excluding mandated restatements) are one measure of the improvement or erosion of the College's financial health when considered with non-financial factors such as enrollment levels and the condition of the facilities.

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The net position of the College is categorized as follows:

- **Investment in capital assets, net** represents the College's equity in property, plant and equipment owned by the College reduced by liabilities related to capital assets.
- **Restricted: Expendable** are funds available for expenditure by the College that must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.
- **Unrestricted funds** are funds available for any lawful need of the College.

The following table is prepared from the College's Statement of Net Position. It summarizes and compares the College's assets, liabilities and net position on June 30, 2023 and June 30, 2022.

Condensed Statement of Net Position	FY 2023	FY 2022 (as restated)	Increase/<Decrease>	
			Amount	Percent
Assets:				
Current Assets	$ 45,805,005	46,407,866	$ (602,861)	-1.3%
Noncurrent Assets:				
Capital Assets, Net	267,497,578	262,977,019	4,520,559	1.7%
Other	19,370,385	6,840,690	12,529,695	183.2%
Total Assets	332,672,968	316,225,575	16,447,393	5.2%
Deferred Outflows:				
Pensions	20,489,931	11,193,591	9,296,340	83.1%
OPEB	7,990,780	8,502,392	(511,612)	-6.0%
Total Deferred Outflows	28,480,711	19,695,983	8,784,728	44.6%
Liabilities:				
Current Liabilities	5,441,341	5,429,407	11,934	0.2%
Noncurrent Liabilities	79,665,145	71,824,210	7,840,935	10.9%
Total Liabilities	85,106,486	77,253,617	7,852,869	10.2%
Deferred Inflows:				
Pensions	623,892	13,117,210	(12,493,318)	-95.2%
OPEB	24,996,993	21,269,377	3,727,616	17.5%
Leases	614,031	657,222	(43,191)	-6.6%
Total Deferred Inflows	26,234,916	35,043,809	(8,808,893)	-25.1%
Net Position:				
Investment in Capital Assets, net	261,499,115	259,783,131	1,715,984	0.7%
Restricted:				
Expendable	21,886,030	9,382,602	12,503,428	133.3%
Unrestricted	(33,572,868)	(43,249,906)	9,677,038	-22.4%
Total Net Position	$ 249,812,277	$ 225,915,827	$ 23,896,450	10.6%

Some highlights of the information presented in the table above include:

- In FY23, the College implemented Governmental Accounting Standards Board (GASB) Statement Number 96, Subscription-Based Information Technology Arrangements (SBITAs). This statement requires that all SBITAs that meet the materiality threshold be capitalized as fixed assets and amortized over the shorter of the remaining useful life or the term of the subscription. The corresponding current and noncurrent liabilities associated with the subscription must also be recognized. During the year, the College recognized capital assets, net of amortization totaling \$3.4 million, current liabilities of \$1.2 million and noncurrent liabilities of \$2.2 million.
- Total current assets at June 30, 2023 were \$45.8 million, a decrease of \$0.6 million from the prior fiscal year. This was caused by a decrease in accounts receivable related to student debt of \$0.1 million and a decrease in inventory of \$0.1 million from facilities as obsolete inventory was sold. Additionally, accounts receivable due from the College's discretely presented component unit (the GTCC Foundation) decreased from the prior year totaling \$0.2 million.
- Total noncurrent assets increased from \$269.8 million to \$286.9 million, an increase of \$17.1 million. This was due to an increase in the restricted cash held for construction projects totaling \$13.6 million as well as an increase in capital assets, net totaling \$4.5 million.
- Total Deferred Outflows for FY23 increased \$8.8 million from FY22. The increase reflects changes in the projected versus actual earnings in the amount of \$10.7 million. Additionally, there were decreases from changes in plan proportions, changes in plan assumptions and expected versus actual experience and other items totaling \$1.9 million made by the State's actuaries related to the Pension, Retiree Health and Disability Income funds.
- Total current liabilities remained relatively flat year over year.
- Total noncurrent liabilities increased \$7.8 million. A portion of this increase was related to the implementation of GASB 96 totaling \$2.2 million. Additionally, the long-term portion of the liabilities for pensions and OPEB increased by \$6.2 million. The long-term liability associated with the GASB 87 leases decreased \$0.2 million.
- Total Deferred Inflows for FY23 are \$26.2 million, a decrease of \$8.8 million. The decrease reflects a decrease due to change in projected versus actual earnings of \$12.8 million, an increase due to changes in assumptions made by the State's actuaries related to the Pension, Retiree Health and Disability Income funds totaling \$5.4 million, and decreases in changes related to expected versus actual experience and changes in plan proportions totaling \$1.3 million.
- The total net position on June 30, 2023 was \$249.8 million. As of June 30, 2022, net position before restatements was \$223.2 million and after restatements, total net position for FY22 was \$225.9 million.

Capital Assets

A critical factor in GTCC's ability to provide quality education is its capacity to develop, expand and improve its capital assets portfolio. Delivering a quality education in the appropriate facility and with proper equipment maximizes the learning experience for the citizens of Guilford County. A Condensed Statement of Capital Assets is presented to provide further detail on this major area of the Statement of Net Position.

Condensed Statement of Capital Assets	FY 2023	FY 2022 (as restated)	Increase/(Decrease)	
			Amount	Percent
Land	$ 22,247,204	$ 22,229,284	$ 17,920	0.1%
Construction in Progress	1,076,845	1,075,973	872	0.1%
Other Intangible Assets	2,291,695	2,291,695.00	0	0.0%
Buildings	257,336,357	255,087,732	2,248,625	0.9%
General Infrastructure	25,104,046	24,733,370	370,676	1.5%
Machinery and Equipment	53,875,103	50,549,234	3,325,869	6.6%
Right to Use Lease Assets - Land	378,295	378,295	-	0.0%
Right to Use Lease Assets - Buildings	3,416,854	3,416,854	-	0.0%
Right to Use Lease Assets - Machinery and Equipment	91,925	97,800	(5,875)	-6.0%
Right to Use Subscription Assets	4,920,797	-	4,920,797	0.0%
Total	370,739,121	359,860,237	10,878,884	3.0%
Less: Accumulated Depreciation/Amortization	103,241,543	94,591,523	8,650,020	9.1%
Capital Assets, net	$ 267,497,578	$ 265,268,714	$ 2,228,864	0.8%

Capital assets are comprised of land, construction in progress (CIP), buildings (both owned and leased), infrastructure, equipment (both owned and leased), vehicles, parking areas and road systems. Prior to depreciation/amortization, capital assets grew $13.2 million over the prior year, as restated. The increase is the result of net increases in buildings and infrastructure (after reclassing from CIP) of $2.6 million related predominately to various projects and a $3.3 million increase in machinery and equipment. Additionally, the College recognized $4.9 million of Subscription-Based Information Technology Arrangements assets in compliance with the GASB 96 requirements. Additionally, the College capitalized its Educational Broadband Spectrum license in the amount of $2.3 million as an other intangible asset as a prior year adjustment.

Machinery and Equipment rose $3.3 million, net. The majority of the new machinery and equipment was for various instructional programs including EMS, Heavy Equipment and Transportation, Fire and Mechatronics totaling $0.8 million. Information Technologies increased $1.8 million while the College increased capacity and functionality of approximately 50 classrooms by installing advanced classroom technologies in those rooms totaling $1.9 million.

The College does not issue debt to fund capital assets other than leasing and subscription arrangements as required by GASB 87 and 96. The primary funding sources for equipment expenditures are state and county appropriations. State capital funds, county general obligation bonds and county appropriations fund construction expenditures.

As of June 30, 2023, GTCC has future commitments for construction totaling $0.2 million.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the activity of the College during the year and is subdivided into four major components: operating revenues, operating expenses, nonoperating revenues (expenses), and other revenues, expenses, gains or losses.

Revenues are reported by major source. Intra-departmental sales, services and transfers are eliminated. Generally, operating revenues are earned for providing goods and services to the various constituencies of the institution. Due to the classification of certain revenues as non-operating revenue, the College shows a loss from operations under governmental accounting standards. State and county appropriations, while budgeted for operations, are considered nonoperating revenues and are reflected accordingly in the nonoperating section of the Statement of Revenues, Expenses and Changes in Net Position, even though these funds are used solely for operating purposes. Nonoperating revenues include activities that have non-exchange characteristics (the College received revenue without providing a commensurate good or service). In addition to state and county appropriations, the financial statements also classify federal grants (such as Pell) and contracts, and gifts as nonoperating revenues.

Student tuition and fees are reported net of scholarship discounts and allowances. Student loans are accounted for as third-party payments while all other aid is reflected as operating expenses or scholarship allowances that reduce revenues.

Expenses are reported by natural classification. Operating expenses are incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation/amortization expense, which amortizes the cost of an asset over its expected useful life or the lease/subscription term whichever is lesser.

This schedule is prepared from the College's Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Statement of Revenues, Expenses and Net Position		FY 2023	FY 2022 (as restated)	Increase/<Decrease> Amount	Percent
Operating Revenue					
Student Tuition and Fees, Net		$ 7,100,871	$ 7,337,139	$ (236,268)	-3.2%
Sales and Services, Net		5,385,543	4,478,797	906,746	20.2%
Other Operating Revenues		109,866	114,512	(4,646)	-4.1%
Total Operating Revenue	*	12,596,280	11,930,448	665,832	5.6%
Operating Expenses					
Salaries and Benefits		59,275,573	54,206,567	5,069,006	9.4%
Supplies and Materials		12,751,882	15,413,186	(2,661,304)	-17.3%
Services		12,954,510	13,778,250	(823,740)	-6.0%
Scholarships and Fellowships		13,573,285	33,949,957	(20,376,672)	-60.0%
Utilities		2,641,365	2,626,151	15,214	0.6%
Depreciation/Amortization		9,887,836	7,844,143	2,043,693	26.1%
Total Operating Expenses	**	111,084,451	127,818,254	(16,733,803)	-13.1%
Operating Loss		(98,488,171)	(115,887,806)	17,399,635	15.0%
Nonoperating Revenues (Expenses)					
State Aid	*	52,082,174	47,347,060	4,735,114	10.0%
County Appropriations	*	18,107,500	17,507,500	600,000	3.4%
Noncapital Grants - Student Financial Aid	*	23,861,950	22,893,517	968,433	4.2%
Federal Aid - COVID-19	*	5,504,066	35,479,968	(29,975,902)	-84.5%
Noncapital Grants, Gifts and Interest	*	5,941,203	3,556,509	2,384,694	67.1%
Other Nonoperating Revenues	*	212,747	18,199	194,548	1069.0%
Other Nonoperating Expenses	**	(328,265)	(414,831)	86,566	20.9%
Net Nonoperating Revenues (Expenses)		105,381,375	126,387,922	(21,006,547)	-16.6%
Income before other Revenues		6,893,204	10,500,116	(3,606,912)	-34.4%
State Capital Aid	*	1,091,988	2,600,278	(1,508,290)	-58.0%
County Capital Aid	*	1,859,832	539,452	1,320,380	244.8%
Capital Grants and Gifts	*	14,051,426	3,857,190	10,194,236	264.3%
Increase in Net Position		23,896,450	17,497,036	6,399,414	36.6%
Net Position, Beginning of Year		225,915,827	205,702,176	20,213,651	9.8%
Restatements		-	2,716,615	(2,716,615)	-100.0%
Net Position, End of Year		$ 249,812,277	$ 225,915,827	$ 23,896,450	10.6%

*Total Revenues equals $135,309,166
**Total Expenses equal $111,412,716

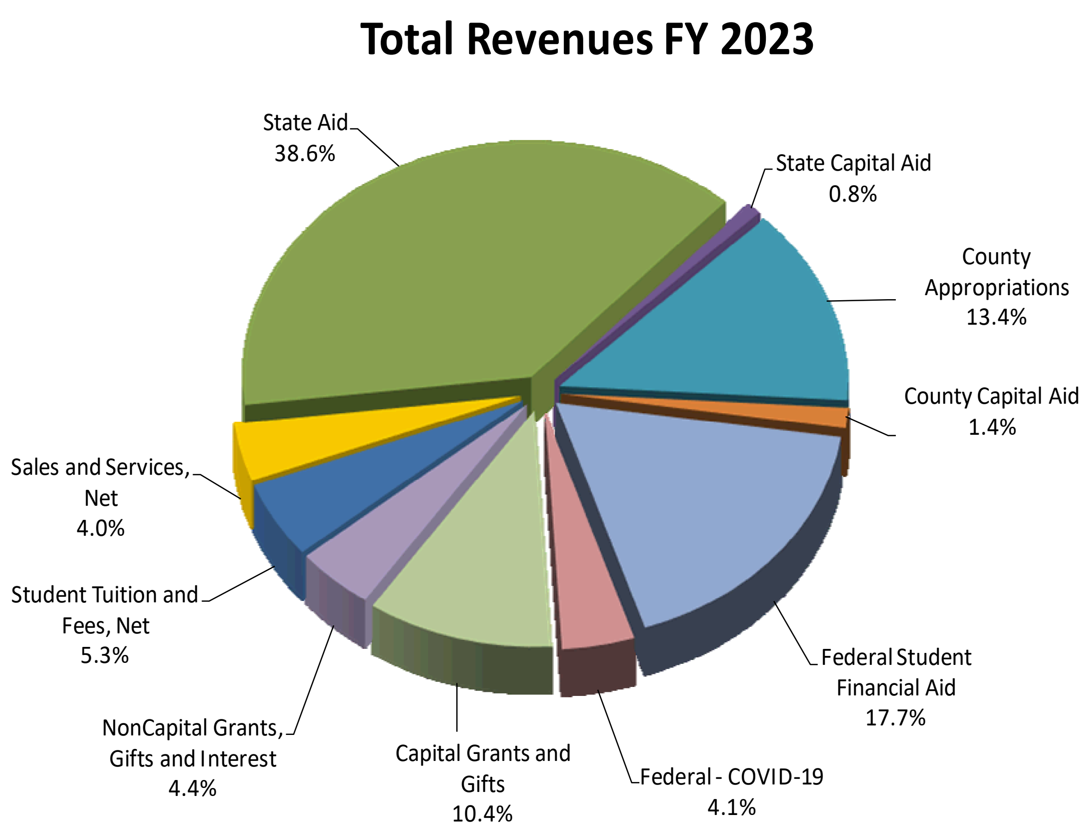
Revenues

Operating revenues increased overall by $0.7 million from FY22 to FY23. Although student tuition and fees were down $0.2 million, sales and services, net was up $0.9 million due to the continued rebounding of GC3 conference center events.

Net nonoperating revenues (expenses) decreased by $21.0 million in 2023 to $105.4 million. This was primarily due to a decrease in federal aid related to COVID-19 of $30.0 million to $5.5 million in FY23. There were increases in other nonoperating revenues for state and county aid totaling $5.3 million. Student financial aid increased by $1.0 million and other noncapital gifts and grants increased by $1.4 million. Additionally, investment income increased by $1.0 million from the prior year's earnings.

Revenues attributed to capital increased from FY22 to FY23 by $12.3 million. These revenues were impacted by a decrease in state and county capital aid in the amount of $0.2 million as GTCC completed projects funded by those allocations. Capital grants increased $10.3 million related to funding from the State Capital Infrastructure Fund (SCIF) for several construction projects that GTCC will undertake. The College also recognized a capital gift for the valuation of the College's Educational Broadband Spectrum (EBS) license using a third-party valuation and adjusted downward for known market conditions in the amount of $2.3 million.

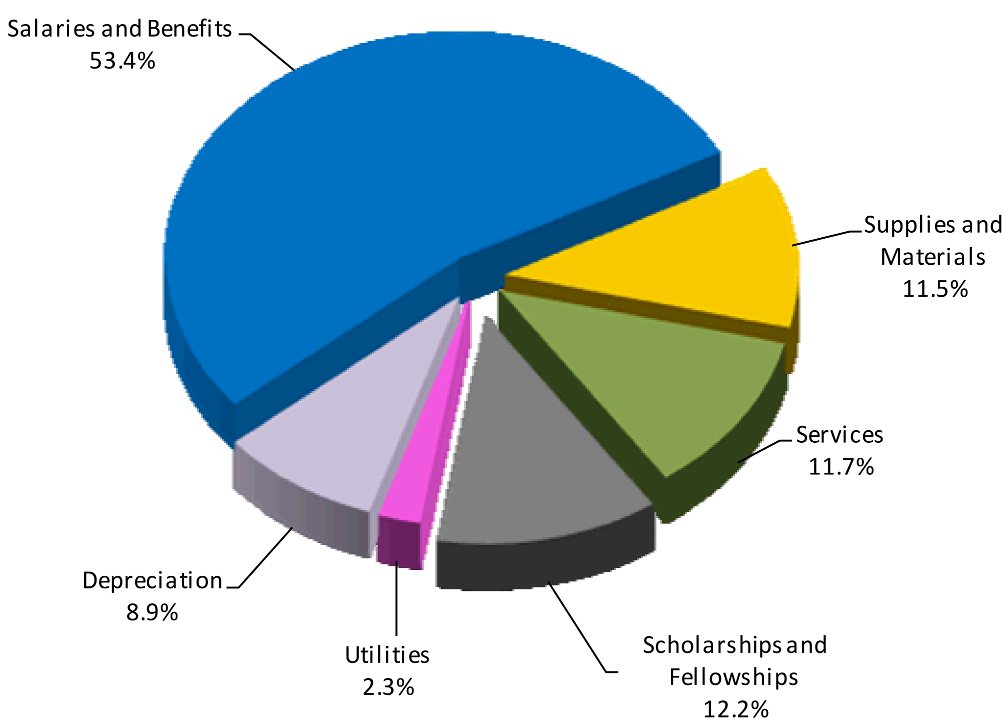
Overall, state aid (both appropriations and capital aid), net of tuition receipts collected, constituted 38.7% of the College's total revenues for FY23, an increase from last year's rate of 34.3%. This is predominately caused by the decrease in total revenues attributable to the federal Higher Education Emergency Relief Funds (HEERF) funds received by the College.



Expenses

Operating expenses for FY23 decreased by $16.7 million overall to $111.1 million. The decrease was predominately due to scholarships and fellowships funds that were provided by federal HEERF funds for COVID-19 relief. This decrease totaled $20.4 million. Salaries and benefits increased by $5.1 million from FY22 to $59.3 million. The increase was due to salary plan changes, implementation of a college longevity program, changes to part-time pay schedules, and increases in retirement and health insurance benefit costs. Supplies, materials and services expenditures decreased from FY22 by $3.5 million as institutional HEERF funds were exhausted. Depreciation and amortization expenses increased $2.0 million. $1.5 million of this increase was related to the implementation of GASB 96, Subscription-Based IT Arrangements.

Operating Expenses FY 2023



Expenses by functional area show trends consistent with the College's focus on student and employee retention initiatives:

Expenses by Functional Area	FY 2023	FY 2022	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Education and General				
Instruction	$ 36,245,418	$ 33,403,515	$ 2,841,903	8.5%
Academic Support	7,765,123	7,723,307	41,816	0.5%
Student Services	6,642,787	5,431,765	1,211,022	22.3%
Institutional Support	16,518,648	16,520,030	(1,382)	0.0%
Operations and Maintenance of Plant	13,229,471	15,737,797	(2,508,326)	-15.9%
Student Financial Aid	13,573,285	33,949,957	(20,376,672)	-60.0%
Total Educational and General	93,974,732	112,766,371	(18,791,639)	-16.7%
Other Operating Expenses				
Auxiliary Enterprises	7,221,883	7,207,740	14,143	0.2%
Depreciation/Amortization	9,887,836	7,844,143	2,043,693	26.1%
Total Other Operating Expenses	17,109,719	15,051,883	2,057,836	13.7%
Total Operating Expenses	$ 111,084,451	$ 127,818,254	$ (16,733,803)	-13.1%

- Instructional expenses reflect an increase of $2.8 million caused predominately by an increase in expenses associated with pension/OPEB changes and in salaries and benefits related to pay increases. These increases were offset by decreases in spending from federal HEERF funds.
- Academic Support remained relatively flat year over year.
- Student Services increased $1.2 million due to expenditures for pay increases for staff as well as additional positions added to that division.
- Institutional Support remained flat year over year.
- Overall there was a $2.5 million reduction in expenditures in Operation and Maintenance of Plant due to exhaustion of federal HEERF funds and an increase in salaries and benefits.
- Decreases in Student Financial Aid totaling $20.4 million were caused by decreases in HEERF distributions of $21.0 million as those funds were exhausted in the prior year.
- Auxiliary Enterprises remained flat year over year.
- Depreciation/Amortization expense increased from the prior year by $2.0 million as the College recognized amortization expense of $1.5 million related to the implementation of GASB 96.

STATEMENT OF CASH FLOWS

The statement of cash flows illustrates the sources and uses of cash by an entity. The sources and uses of cash are further divided into the categories of operating, investing or financing activities. The statement of cash flows shows the change in cash from one period to the next.

In private industry, the operating category is generally regarded as the most important section of the cash flow statement because it shows whether a company was able to generate cash from its operating activities. However, public colleges' dependency on state and county aid and gifts usually results in an operating deficit as those items are classified as nonoperating revenues under governmental accounting standards.

This schedule is prepared from the College's Statement of Cash Flows.

Condensed Statement of Cash Flows	FY 2023	FY 2022	Increase/<Decrease>	
			Amount	Percent
Cash Flows from Operating Activities	$ (99,014,046)	$ (118,649,088)	$ 19,635,042	-16.5%
Cash Flows from Noncapital Financing Activities	104,302,625	124,961,156	(20,658,531)	-16.5%
Cash Flows from Capital and Related Financing Activities	7,058,048	279,770	6,778,278	2422.8%
Cash Flows from Investing Activities	1,073,725	67,967	1,005,758	1479.8%
Net increase (decrease) in cash and cash equivalents	13,420,352	6,659,805	6,760,547	101.5%
Cash and cash equivalents, July 1	45,075,339	38,415,534	6,659,805	17.3%
Cash and cash equivalents, June 30	$ 58,495,691	$ 45,075,339	$ 13,420,352	29.8%

FACTORS IMPACTING FUTURE PERIODS

During COVID-19, employees across the world began working from home and once the restrictions were lifted, many employees chose not to report back to on-site workplaces. That led to the Great Resignation. Now, the College is finding that vacancies are becoming increasingly difficult to fill as many prospective employees prefer remote work or at least a hybrid schedule of onsite and remote work. Recent studies show that over 90% of all employees prefer a schedule that includes remote work – 54% prefer a hybrid schedule and 37% prefer a fully remote schedule.

It is increasingly difficult to compete with employers hiring fully or partially remote workers. Talented GTCC employees are regularly resigning for other jobs paying thousands more with flexible and/or remote work schedules. Additionally, the College is still not attracting a sufficient volume of qualified candidates for vacant positions. Interested applicants continue to decline the College's non-competitive job offers, and hiring managers are spending countless hours starting over in futile attempts to fill vacancies. In the end, GTCC is forced to bring new hires onboard making more than faculty and staff who have been at the college for years, which only serves to complicate compensation plans and decreases satisfaction and employee morale.

In the last three years, the College has updated its compensation plan to be more competitive in the job market. However, state funding for community colleges remains inadequate to compete with industry or university compensation plans. GTCC, and all community colleges, will have to adapt to compete for top talent in the current job market to remain viable.

One of the fastest tracks to improving employee retention rates is improving employee engagement and more intentionally considering employees' concerns in college-wide decision-making. Asking employees for feedback is one of the simplest ways to assess morale, evaluate overall satisfaction with college operations, and identify areas where the College can improve. Data collected from these surveys must be used to promote organizational change and demonstrate a commitment to making business decisions that positively impacts Guilford County and the region it serves, but also the College's employees.

More than ever, GTCC must continue to focus on increasing enrollment. Enrollment is showing improvement, but growth must continue to ensure the College can meet workforce demands of the region and remain a thriving educational institution. GTCC needs to stay committed to enhancing the student experience, while streamlining processes and strengthening performance. The College is entering the second year of implementing the Guided Pathways 2.0 strategy. GTCC's Guided Pathways model focuses on student interest and onboarding, belonging and communication, career and program selection, and student success and completion. GTCC has completed more than half of the work, and we have experienced strong progress to date.

During the last several years, state budgets were lower due to declining enrollment. However, the College's budgets were positively impacted by the federal Higher Education Emergency Relief Funds (HEERF). Additionally, the state responded by providing budget stabilization funds that expire in December 2024. This funding was provided to assist colleges through the period of lower enrollment while colleges focused on ensuring enrollment rebounded before these funds expire. For the summer and fall semesters of 2023, the college's FTE enrollment is rebounding, increasing to 5% in summer and 4% in the fall. These increases will support in the College's budget for the 2024-25 year.

During fiscal years 2020-2022, the college was awarded $57.6 million in federal HEERF funds. Of those funds, GTCC received $26.7 million for direct student aid. The College also elected to allocate an additional $6.3 million of its institutional portion to the student allotment for a total of $33 million. The College used the remaining $24.6 million to support numerous initiatives in areas that experienced pandemic-related disruptions. Some of these initiatives included additional supports for distance education, providing hotspots and laptops to GTCC students, upgrading Wi-Fi access in outdoor spaces around the College, implementation of high-tech classrooms to support expansion of online and hybrid course delivery, waiving student fees, and providing discounts and free shipping in GTCC campus stores. As of June 30, 2023, the College has expended all HEERF funds.

Since HEERF funds would be non-recurring, leadership at the College developed a plan to help reduce the negative impacts to our budgets and resources in future years. Leadership was able to reserve funds from claiming lost revenue, indirect costs, and other similar expenses from the college's HEERF allocations. The College did not need the reserved funds immediately; therefore, the funds will augment future budget years as needed.

The College has begun work on its reaffirmation from the Southern Association of Colleges and Schools Commission on College (SACSCOC). The College must submit data to SACSCOC in the spring of 2024 for GTCC's planned 2025 reaffirmation. Numerous employees from across all areas of the College are providing information and data for submission.

While the workplace has changed in the last three to four years, the measure of what makes a great workplace has not. The ideal work environment demonstrates commitment to its employees and recognizes that employee engagement supports improving workplace culture – resulting in positive business outcomes, like increased enrollment, retention, and performance. If the College can adapt to new expectations, recruit and retain talented faculty and staff, support collaboration and development within the leadership team, and shift the College's culture, growth in enrollment and the success of our students will naturally follow.

GTCC is continuing its commitment to Make Amazing Happen across all areas of the College and the community it serves.

BASIC FINANCIAL STATEMENTS

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	34,841,499
Restricted Cash and Cash Equivalents		5,101,396
Receivables, Net (Note 4)		1,356,052
Due from Community College Component Units		9,247
Inventories		1,022,715
Prepaid Items		3,440,196
Leases Receivable, Net (Note 8)		33,900
Total Current Assets		45,805,005
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		18,552,796
Restricted Due from Primary Government		184,879
Leases Receivable, Net (Note 8)		632,710
Capital Assets - Nondepreciable (Note 5)		25,615,744
Capital Assets - Depreciable, Net (Note 5)		241,881,834
Total Noncurrent Assets		286,867,963
Total Assets		332,672,968
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		20,489,931
Deferred Outflows Related to Other Postemployment Benefits (Note 13)		7,990,780
Total Deferred Outflows of Resources		28,480,711
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)		2,006,882
Unearned Revenue		1,013,391
Funds Held for Others		92,921
Long-Term Liabilities - Current Portion (Note 7)		2,328,147
Total Current Liabilities		5,441,341
Noncurrent Liabilities:		
Long-Term Liabilities (Note 7)		79,665,145
Total Noncurrent Liabilities		79,665,145
Total Liabilities		85,106,486
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions		623,892
Deferred Inflows Related to Other Postemployment Benefits (Note 13)		24,996,993
Deferred Inflows for Leases		614,031
Total Deferred Inflows of Resources		26,234,916

NET POSITION

Net Investment in Capital Assets	261,499,115
Expendable:	
Student Financial Aid	6,450
Capital Projects	16,737,986
Other	5,141,594
Total Restricted-Expendable Net Position	21,886,030
Unrestricted	(33,572,868)
Total Net Position	$ 249,812,277

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

Guilford Technical 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)	$ 7,100,871
Sales and Services, Net (Note 10)	5,385,543
Other Operating Revenues	109,866
Total Operating Revenues	12,596,280
OPERATING EXPENSES	
Salaries and Benefits	59,275,573
Supplies and Services	25,706,392
Scholarships and Fellowships	13,573,285
Utilities	2,641,365
Depreciation/Amortization	9,887,836
Total Operating Expenses	111,084,451
Operating Loss	(98,488,171)
NONOPERATING REVENUES (EXPENSES)	
State Aid	52,082,174
County Appropriations	18,107,500
Student Financial Aid	23,861,950
Federal Aid - COVID-19	5,504,066
Noncapital Contributions	4,858,282
Investment Income	1,073,725
Lease Interest Revenue	9,196
Interest and Fees on Debt	(96,836)
Other Nonoperating Revenues (Expenses)	(18,682)
Net Nonoperating Revenues	105,381,375
Loss Before Other Revenues	6,893,204
State Capital Aid	1,091,988
County Capital Aid	1,859,832
Capital Contributions	14,051,426
Total Other Revenues	17,003,246
Increase (Decrease) in Net Position	23,896,450
NET POSITION	
Net Position - July 1, 2022, as Restated (Note 19)	225,915,827
Net Position - June 30, 2023	$ 249,812,277

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

Guilford Technical Community College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 12,303,299
Payments to Employees and Fringe Benefits	(70,122,623)
Payments to Vendors and Suppliers	(28,008,859)
Payments for Scholarships and Fellowships	(13,573,285)
Collection of Loans to Students	500
William D. Ford Direct Lending Receipts	17,289,821
William D. Ford Direct Lending Disbursements	(17,289,260)
Other Receipts (Payments)	386,361
Net Cash Provided (Used) by Operating Activities	(99,014,046)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid	52,082,174
County Appropriations	18,107,500
Student Financial Aid	23,861,950
Federal Aid - COVID-19	5,504,066
Noncapital Contributions	4,746,935
Net Cash Provided (Used) by Noncapital Financing Activities	104,302,625
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
State Capital Aid	2,099,090
County Capital Aid	1,781,943
Capital Contributions	14,000,021
Proceeds from Insurance on Capital Assets	181,647
Proceeds from Lease Arrangements	35,941
Acquisition and Construction of Capital Assets	(8,745,009)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(2,198,749)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	(96,836)
Net Cash Provided (Used) by Capital Financing and Related Financing Activities	7,058,048
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,073,725
Net Cash Provided (Used) by Investing Activities	1,073,725
Net Increase (Decrease) in Cash and Cash Equivalents	13,420,352
Cash and Cash Equivalents - July 1, 2022	45,075,339
Cash and Cash Equivalents - June 30, 2023	$ 58,495,691

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(98,488,171)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense		9,887,836
Allowances, Write-Offs, and Amortizations		(43,191)
Other Nonoperating Income (Expenses)		31,099
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		181,984
Inventories		83,499
Prepaid items		29,554
Net OPEB asset		31,113
Notes Receivable, Net		500
Deferred Outflows Related to Pensions		(9,296,340)
Deferred Outflows Related to Other Postemployment Benefits		511,612
Changes in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Liabilities		207,665
Unearned Revenue		(108,513)
Funds Held for Others		33,892
Net Pension Liability		21,063,652
Net Other Postemployment Benefits Liability		(14,481,634)
Compensated Absences		107,099
Deferred Inflows Related to Pensions		(12,493,318)
Deferred Inflows Related to Other Postemployment Benefits		3,727,616
Net Cash Used by Operating Activities	$	(99,014,046)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$	1,162,036
Assets Acquired through a Gift		51,405
Loss on Disposal of Capital Assets		(231,429)
Increase in Receivables Related to Nonoperating/Other Revenues		771,245
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions		(322,257)

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

Guilford Technical Commmunity College Foundation, Inc.
Statement of Financial Position
June 30, 2023 *Exhibit B-1*

ASSETS		
Current Assets		
Cash and cash equivalents	$	75,000
Accounts receivable		13,374
Promises to give due within one year, net of allowance for doubtful accounts of $0		125,747
Investments - available for sale		15,398,873
Inventory		7,664
Prepaid expenses		285
Total Current Assets		15,620,943
Other Assets		
Promises to give due after one year, less discounts of $262,491		95,957
Investments - REIT interests		303,916
Land		1,604,153
Beneficial interest in charitable remainder trust		110,228
Total Other Assets		2,114,254
Total Assets	$	17,735,197
LIABILITIES		
Current Liabilities		
Accounts payable	$	65,010
Deferred revenue		1,300
Total Liabilities		66,310
NET ASSETS		
Without Donor Restrictions		9,206,690
With Donor Restrictions		8,462,197
Total Net Assets		17,668,887
Total Liabilities and Net Assets	$	17,735,197

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

Guilford Technical Commmunity College Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2023 — *Exhibit B-2*

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions, net of discounts	$ 122,862	$ 507,910	$ 630,772
Change in beneficial interest in charitable remainder trust	-	(13,605)	(13,605)
Grants	-	235,000	235,000
Investment income, net	899,965	488,779	1,388,744
Miscellaneous income	-	6,538	6,538
Administrative services contributed by the College	246,325	-	246,325
Contributed materials and equipment	15,121	33,770	48,891
Total support and revenues	1,284,273	1,258,392	2,542,665
Net assets released from restrictions	501,996	(501,996)	-
Total support and revenues and net assets released from restrictions	1,786,269	756,396	2,542,665
EXPENSES:			
Program services	838,179	-	838,179
Management and general	278,177	-	278,177
Fundraising	33,115	-	33,115
Total Expenses	1,149,471	-	1,149,471
Change in net assets	636,798	756,396	1,393,194
Net Assets at Beginning of Year	8,569,892	7,705,801	16,275,693
Net Assets at End of Year	$ 9,206,690	$ 8,462,197	$ 17,668,887

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Guilford Technical Community College (College or GTCC) 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 units are either blended or discretely presented in the College's financial statements. See below for further discussion of the College's component units. Other related foundations and similar nonprofit corporations for which the College is not financially accountable are not part of the accompanying financial statements.

Blended Component Unit - Although legally separate, GTCC Innovative Resources Corporation (GIRC) (and its consolidated subsidiary GTCC Corporation for Creativity and Commerce) is reported as if it was part of the College. GIRC is governed by a five-member board consisting of two ex-officio directors and three elected at-large directors. GIRC's purpose is to aid, support, and promote teaching, research, and service in the various educational, scientific, scholarly, professional, artistic, and creative endeavors of the College. Because the College has operational responsibility for GIRC and GIRC's sole purpose is to benefit Guilford Technical Community College, its financial statements have been blended with those of the College.

Separate financial statements for GIRC may be obtained from the College Chief Financial Officer, P.O. Box 309, Jamestown, NC 27282.

Condensed combining information regarding blended component units is provided in Note 17.

Discretely Presented Component Unit – Guilford Technical Community College Foundation, Inc. is a legally separate, nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of their relationship to the College.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of 31 members of which nine are non-voting emeritus directors. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

The Foundation is a private nonprofit organization that reports its financial results under the Financial Accounting Standards Board (FASB) Codification. As such, certain revenue recognition criteria and presentation features are different from the Governmental

Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2023, the Foundation distributed $519,977 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the College Chief Financial Officer, P.O. Box 309, Jamestown, NC 27282.

B. **Basis of Presentation** - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* and GASB Statement No. 84, *Fiduciary Activities,* the full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

C. **Basis of Accounting** - The financial statements of the College have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, include state aid, certain grants, and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. **Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, money market accounts, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty. The College's equity position in the STIF is recorded at fair value. Additional information regarding the fair value measurement of deposits held by the State Treasurer in the STIF is disclosed in Note 3.

E. **Receivables** - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Receivables are recorded net of estimated uncollectible amounts.

F. **Inventories** - Inventories, consisting of expendable supplies, postage, fuel and merchandise for resale are valued using last invoice cost.

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

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	10-50 years
Machinery and Equipment	2-25 years
General Infrastructure	10-75 years

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

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

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

I. Accounting and Reporting of Fiduciary Activities - There are no other trust or custodial funds meeting the criteria of a fiduciary activity that are required to be reported in separate fiduciary fund financial statements.

J. Noncurrent Long-Term Liabilities - Noncurrent long-term liabilities include 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. Other long-term liabilities include: lease liabilities, subscription liabilities, compensated absences, net pension liability, and net other postemployment benefits (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.

K. **Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each July 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous 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 College to all permanent employees as of September 30, 2002, as of July 1, 2003 and as of September 1, 2005. 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.

L. **Deferred Outflows/Inflows of Resources** - Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then.

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

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

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

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

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the

College. Both restricted and unrestricted net position include consideration of deferred outflows of resources and deferred inflows of resources. See Note 9 for further information regarding deferred outflows of resources and deferred inflows of resources that had a significant effect on unrestricted net position.

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

O. **Revenue and Expense Recognition** - The College classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) certain federal, state, and local grants and contracts. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

P. **Internal Sales Activities** - Certain institutional auxiliary operations provide goods and services to College departments, as well as to its customers. These institutional auxiliary operations include activities such as postal services and college printing/supplies. In addition, the College has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. All internal sales activities to College departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

College - The College is required by North Carolina General Statute 147-77 to deposit any funds collected or received that belong to the State of North Carolina with the State Treasurer or with a depository institution in the name of the State Treasurer. All funds of the College, other than those required to be deposited with the State Treasurer, are deposited in board-designated official depositories and are required to be collateralized in accordance with North Carolina General Statute 115D-58.7. Official depositories may be established with any bank, savings and loan association, or trust company whose principal office is located in North Carolina. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. The amount shown on the Statement of Net Position as cash and cash equivalents includes cash on hand totaling $9,674, and deposits in private financial institutions with a carrying value of $8,616,586 and a bank balance of $11,012,228.

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 (STIF); obligations of or fully guaranteed by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; prime quality commercial paper bearing specified ratings; specified bills of exchange; certain savings certificates; The North Carolina Capital Management Trust, an SEC registered mutual fund; repurchase agreements; and evidences of ownership of, or fractional undivided interests in, future interest and principal payments on either direct obligations of or fully guaranteed by the United States government, which are held by a specified bank or trust company or any state in the capacity of custodian.

At June 30, 2023, the amount shown on the Statement of Net Position as cash and cash equivalents includes $49,869,431, 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.

A reconciliation of deposits and investment for the College to the basic financial statement as of June 30, 2023, is as follows:

Cash on Hand		$	9,674
Carrying Amount of Deposits with Private Financial Institutions			8,616,586
Investments in the Short-Term Investment Fund			49,869,431
Total Deposits and Investments		$	58,495,691
Deposits			
Current:			
	Cash and Cash Equivalents	$	34,841,499
	Restricted Cash and Cash Equivalents		5,101,396
Noncurrent:			
	Restricted Cash and Cash Equivalents		18,552,796
Total Deposits and Investments		$	58,495,691

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

Investment Type	Fair Value
Cash and cash equivalents	$ 568,205
Exchange-traded funds	1,032,960
Mutual funds	12,352,729
Alternative mutual funds	1,444,979
Total	$ 15,398,873

NOTE 3 - FAIR VALUE MEASUREMENTS

Short-Term Investment Fund - At year-end, all of the College's investments valued at $49,869,431 were held in the STIF. Ownership interests of the STIF are determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The College's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

Component Unit - Investments of the College's discretely presented component unit, Guilford Technical Community College Foundation, Inc. include marketable securities, an interest in a Qualified Opportunity Fund and a beneficial interest in a charitable remainder unitrust.

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quote prices for similar assets in active or inactive markets. Financial assets value using Level 3 inputs are based primarily on unobservable inputs and require that management make assumptions to value the assets.

Fair value for the Beneficial Interest in Remainder Unitrust (Level 3) is determined by estimating the present values of the future distributions expected to be received. Inputs include the June 30, 2023 value of the investments in the trust data from published life expectancy tables and the discount rate of 4.28% at June 30, 2023.

The following table sets for the level within the fair value hierarchy, for the Foundation's investments at fair value as of June 30, 2023:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 568,205	568,205		
Exchange-traded funds	1,032,960	1,032,960		
Mutual funds	12,352,729	12,352,729		
Alternative mutual funds	1,444,979	1,444,979		
Grubb QOF REIT	303,916			303,916
Beneficial interest in CRT	110,228			110,228
Total	$ 15,813,017	$ 15,398,873	$ -	$ 414,144

NOTE 4 - RECEIVABLES

Receivables at June 30, 2023, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,167,861	$ 435,438	$ 732,423
Student Sponsors	89,517	-	89,517
Accounts	266,380	-	266,380
Intergovernmental	150,399	-	150,399
Other	119,578	2,245	117,333
Total Current Receivables	$ 1,793,735	$ 437,683	$ 1,356,052

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 (as Restated)	Increases	Decreases	Balance June 30, 2023
Capital Assets, Nondepreciable:				
Land and Permanent Easements	$ 22,229,284	$ 17,920	$ -	$ 22,247,204
Construction in Progress	1,075,973	2,638,093	2,637,221	1,076,845
Other Intangible Asset	2,291,695	-	-	2,291,695
Total Capital Assets, Nondepreciable	25,596,952	2,656,013	2,637,221	25,615,744
Capital Assets, Depreciable:				
Buildings	255,087,732	2,248,625	-	257,336,357
Machinery and Equipment	50,549,234	4,778,707	1,452,838	53,875,103
General Infrastructure	24,733,370	370,676	-	25,104,046
Right-to-Use Leased Land	378,295	-	-	378,295
Right-to-Use Leased Buildings	3,416,854	-	-	3,416,854
Right-to-Use Leased Machinery and Equipment	97,800	10,532	16,407	91,925
Right-to-Use Subscription Assets	4,007,297	913,500	-	4,920,797
Total Capital Assets, Depreciable	338,270,582	8,322,040	1,469,245	345,123,377
Less Accumulated Depreciation/Amortization for:				
Buildings	67,197,160	4,998,730	-	72,195,890
Machinery and Equipment	20,791,004	2,256,278	1,221,409	21,825,873
General Infrastructure	5,918,461	433,478	-	6,351,939
Right-to-Use Leased Land	26,392	26,393	-	52,785
Right-to-Use Leased Buildings	635,600	635,600	-	1,271,200
Right-to-Use Leased Machinery and Equipment	22,906	21,706	16,407	28,205
Right-to-Use Subscription Assets	-	1,515,651	-	1,515,651
Total Accumulated Depreciation/Amortization	94,591,523	9,887,836	1,237,816	103,241,543
Total Capital Assets, Depreciable, Net	243,679,059	(1,565,796)	231,429	241,881,834
Capital Assets, Net	$ 269,276,011	$ 1,090,217	$ 2,868,650	$ 267,497,578

As of June 30, 2023, the total amount of right-to-use lease and subscription assets were $3,887,074 and $4,920,797, respectively, and the related accumulated amortization was $1,352,190 and $1,515,651, respectively.

As of June 30, 2023, the College has capitalized as an intangible asset the value of the Educational Broadband Spectrum license it holds with the FCC. The College received a valuation performed by a third party and adjusted the valuation for other known factors and capitalized the license at $2,291,695. Since the law changed to allow capitalization of this asset in 2020, this has been recorded as a prior year adjustment and not in current income. See Note 19 for additional details.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Amount
Current Accounts Payable and Accrued Liabilities:	
Accounts Payable	$ 624,527
Accounts Payable - Capital Assets	180,842
Accrued Payroll	1,054,893
Contract Retainage	21,300
Other	125,320
Total Current Accounts Payable and Accrued Liabilities	$ 2,006,882

NOTE 7 - 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 (as Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion
Long-Term Liabilities					
Lease Liabilities	$ 3,230,023	$ 10,532	$ 666,575	$ 2,573,980	$ 676,013
Subscription (SBITA) Liabilities	4,007,297	893,700	1,532,174	3,368,823	1,183,839
Compensated Absences	2,072,686	107,099	-	2,179,785	468,295
Net Pension Liability	10,358,850	21,063,652	-	31,422,502	-
Net Other Postemployment Benefits Liability	57,252,093	-	14,803,891	42,448,202	-
Total Long-Term Liabilities	$ 76,920,949	$ 22,074,983	$ 17,002,640	$ 81,993,292	$ 2,328,147

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

NOTE 8 - LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Lessor Arrangements - The College leases land to an external party. The lease expires in September 2037. 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 College's estimated incremental borrowing rate if there is no stated contractual interest rate.

During the year ended June 30, 2023, the College recognized operating revenues related to lessor arrangement totaling $43,190, and nonoperating lease interest income totaling $9,196.

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

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2023	Current Portion	Lease Term	Interest Rate
Lessor:					
Land	1	$ 666,610	$ 33,900	194 months	1.24%
Total	1	$ 666,610	$ 33,900		

B. Lessee Arrangements - The College has lease agreements for the right to use office space, land, buildings and equipment from external parties. The leases expire at various dates, and some have renewal options. Lease liabilities and right-to-use leased assets are recorded based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using 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 Liabilities June 30, 2023	Current Portion	Lease Terms (1)	Interest Rate/ Ranges
Lessee:					
Land	1	$ 328,949	$ 24,924	172 months	1.18%
Buildings	4	2,180,526	631,696	70 months	0.285% - 1.181%
Machinery and Equipment	2	64,505	19,393	60 months	0.527% - 3.155%
Total	7	$ 2,573,980	$ 676,013		

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

C. Subscription-Based Information Technology Arrangements (SBITAs) - The College enters SBITAs for the right to use information technology software and cloud computing arrangement (network) assets from external parties. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the 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	Subscription (SBITA) Liabilities June 30, 2023	Current Portion	SBITA Terms	Interest Rate/ Ranges
Right-to-Use Subscription Assets	$ 3,368,823	$ 1,183,839	14 - 60 months	1.58% - 2.582%
Total	$ 3,368,823	$ 1,183,839		

D. 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	$ 676,013	$ 16,511	$ 1,183,839	$ 71,744
2025	648,730	12,297	1,098,017	47,368
2026	660,342	8,067	572,095	24,412
2027	271,965	4,462	514,872	11,585
2028	36,932	3,544	-	-
2029-2033	188,265	11,123	-	-
2034-2038	91,733	1,315	-	-
2039-2043	-	-	-	-
Total Requirements	$ 2,573,980	$ 57,319	$ 3,368,823	$ 155,109

NOTE 9 - NET POSITION

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

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	$ (11,556,463)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(59,454,415)
Effect on Unrestricted Net Position	(71,010,878)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	37,438,010
Total Unrestricted Net Position	$ (33,572,868)

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

NOTE 10 - REVENUES

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

	Gross Revenues	Less Scholarship Discounts and Allowances	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:				
Student Tuition and Fees, Net	$ 18,102,512	$ 10,615,660	$ 385,981	$ 7,100,871
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Vending	105,401	-	-	105,401
Bookstore	4,946,540	1,122,424	10,778	3,813,338
Other	566,289	148,802	868	416,619
Sales and Services of Education and Related Activities	1,050,185	-	-	1,050,185
Total Sales and Services, Net	$ 6,668,415	$ 1,271,226	$ 11,646	$ 5,385,543

NOTE 11 - OPERATING EXPENSES BY FUNCTION

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

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	$ 31,484,164	$ 4,761,254	$ -	$ -	$ -	$ 36,245,418
Academic Support	6,437,537	1,327,586	-	-	-	7,765,123
Student Services	5,830,989	811,798	-	-	-	6,642,787
Institutional Support	8,820,675	7,697,973	-	-	-	16,518,648
Operations and Maintenance of Plant	5,816,348	4,771,758	-	2,641,365	-	13,229,471
Student Financial Aid	-	-	13,573,285	-	-	13,573,285
Auxiliary Enterprises	885,860	6,336,023	-	-	-	7,221,883
Depreciation/Amortization	-	-	-	-	9,887,836	9,887,836
Total Operating Expenses	$ 59,275,573	$ 25,706,392	$ 13,573,285	$ 2,641,365	$ 9,887,836	$ 111,084,451

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 $20,777 provided by the Higher Education Emergency Relief Fund (HEERF). Because of the administrative involvement by the College in providing the student awards, the related program activity is reported as nonoperating Federal Aid – COVID-19 revenue and student financial aid operating expenses. Since the purpose of the student aid is not for educational or scholarship purposes, they do not affect the scholarship discounting adjustments reported in Note 1N.

NOTE 12 - PENSION PLANS

Defined Benefit Plan

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

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of 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 $2,533,036, and the College's contributions were $7,337,356 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 $31,422,502 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 0.21171%, which was a decrease of 0.00951% from its proportion measured as of June 30, 2021, which was 0.22122%.

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	2.5%
Salary Increases*	3.25% - 8.05%
Investment Rate of Return**	6.5%

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

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

The actuarial assumptions used in the December 31, 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	1.1%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	7.5%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 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 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

Net Pension Liability		
1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 55,556,585	$ 31,422,502	$ 11,501,747

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 $6,603,850. 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	$ 136,815	$ 428,294
Changes of Assumptions	2,479,116	-
Net Difference Between Projected and Actual Earnings on Plan Investments	10,320,409	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	223,289	195,598
Contributions Subsequent to the Measurement Date	7,330,302	-
Total	$ 20,489,931	$ 623,892

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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 Ending June 30:	Amount
2024	$ 3,441,359
2025	3,124,827
2026	1,022,239
2027	4,947,312
2028	-
Total	$ 12,535,737

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

The College participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 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 other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of each plan, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

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

B. Plan Descriptions

1. Health Benefits

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

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

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

Benefits Provided: Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 12. 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 $2,908,768 for the year ended June 30, 2023.

In fiscal year 2021, the Plan transferred $187.0 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a non-employer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2023, the College recognized noncapital contributions for RHBF of $322,257.

2. Disability Income

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

Benefits Provided: Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, while the employee is disabled and does not 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 $42,217 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 $42,394,438 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 0.17853%, which was a decrease of 0.00666% from its proportion measured as of June 30, 2021, which was 0.18519%.

Disability Income Plan of North Carolina: At June 30, 2023, the College reported a liability of $53,764 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 0.18073%, which was a decrease of 0.00975% from its proportion measured as of June 30, 2021, which was 0.19048%.

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	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.0%
Healthcare Cost Trend Rate - Medical***	6% grading down to 5% by 2027	N/A
Healthcare Cost Trend Rate - Prescription Drug***	9.5% grading down to 5% by 2031	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	0% through 2025, 5% thereafter	N/A
Healthcare Cost Trend Rate - Administrative***	3%	N/A

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 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	1.1%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	7.5%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
RHBF	$ 49,935,762	$ 42,394,438	$ 36,235,222
	1% Decrease (2.08%)	Current Discount Rate (3.08%)	1% Increase (4.08%)
DIPNC	$ 66,204	$ 53,764	$ 41,294

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% - 5%, Pharmacy - 4% - 8.5%, Med. Advantage - 0% - 4%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6%, Pharmacy - 5% - 9.5%, Med. Advantage - 0% - 5%, Administrative - 3%)	1% Increase (Medical - 6% - 7%, Pharmacy - 6% - 10.5%, Med. Advantage - 0% - 6%, Administrative - 4%)
RHBF	$ 34,897,404	$ 42,394,438	$ 52,085,426

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

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

OPEB Plan	Amount
RHBF	$ (7,345,673)
DIPNC	$ 83,897
Total OPEB Expense	$ (7,261,776)

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
Differences Between Actual and Expected Experience	$ 411,594	$ 60,264	$ 471,858
Changes of Assumptions	3,394,226	3,456	3,397,682
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	367,117	56,865	423,982
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	717,768	31,302	749,070
Contributions Subsequent to the Measurement Date	2,905,971	42,217	2,948,188
Total	$ 7,796,676	$ 194,104	$ 7,990,780

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 117,310	$ -	$ 117,310
Changes of Assumptions	19,294,707	9,960	19,304,667
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	5,575,016	-	5,575,016
Total	$ 24,987,033	$ 9,960	$ 24,996,993

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 Ending June 30:	RHBF	DIPNC
2024	$ (7,482,127)	$ 35,852
2025	(5,175,698)	39,769
2026	(4,825,259)	27,711
2027	(2,613,243)	22,507
2028	(1)	8,509
Thereafter	-	7,579
Total	$ (20,096,328)	$ 141,927

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 workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

3. Disability Income Plan

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

The College also provides crime coverage of $300,000 with a $3,000 deductible for employee dishonesty on all employees, including county and institutional funds employees. Converge for theft of money and securities by other than employee dishonesty is also provided up to $300,000 with a $2,500 deductible. The College also has a $2,000,000 annual aggregate error and omissions policy with $10,000 deductible purchased from a private insurance company covering trustees, employees, volunteers, student teachers and interns.

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

A. Cyber Liability

The College purchases Cyber Liability coverage from a private insurance company. In the event of a cyber-attack, the policy covers expenses up to a $3,000,000 limit with a $200,000 deductible, including event management, cyber extortion, and reputation guard.

B. Excess Liability Funds

The College is a participant in the Local Government Excess Liability Funds, Inc., (LGELF), a non-profit corporation established in 1986 to administer excess liability coverage for local governmental entities in Guilford County. Other member agencies include the cities of Greensboro and High Point and Guilford County Schools. There are currently eight separate funds established in LGELF. The College participates in two of these: Funds K and L. Fund K was established on January 1, 2000. The purpose of this fund is for self-funding liability exposures and for other risk-financing activities. Fund L was established January 1, 2000 and is the vehicle the college may use to cover certain uninsured and underinsured losses. The College's combined fund balance at June 30, 2023 is $2,439,088 (11% of the total fund balance). There is a documented process by which the college may withdraw up to its equity in both funds.

NOTE 15 - COMMITMENTS

The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $210,004 at June 30, 2023.

NOTE 16 - RELATED PARTIES

The GHG Construction Corporation is a separately incorporated, nonprofit corporation established to foster, promote, manage and develop the College's carpentry program. The records of the corporation are maintained separately by the College. GHG contracts with an independent accounting firm to audit financial records and prepare an independent Auditor's Report. The report is provided to the College and to GHG Board members by the independent auditor.

NOTE 17 - BLENDED COMPONENT UNIT

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

Condensed Statement of Net Position
June 30, 2023

	College	GTCC Innovative Resources Corp and subsidieary	Eliminations	Total
ASSETS				
Current Assets	$ 44,134,952	$ 1,670,053	$ -	$ 45,805,005
Capital Assets, Net	267,497,578	-	-	267,497,578
Other Noncurrent Assets	19,370,385	-	-	19,370,385
Total Assets	331,002,915	1,670,053	-	332,672,968
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,480,711	-	-	28,480,711
LIABILITIES				
Current Liabilities	5,240,646	202,708	(2,013)	5,441,341
Long-Term Liabilities	79,665,145	-	-	79,665,145
Total Liabilities	84,905,791	202,708	(2,013)	85,106,486
TOTAL DEFERRED INFLOWS OF RESOURCES	26,234,916	-	-	26,234,916
NET POSITION				
Net Investment in Capital Assets	261,499,115	-	-	261,499,115
Restricted - Expendable	21,886,030	-	-	21,886,030
Unrestricted	(35,042,226)	1,467,345	2,013	(33,572,868)
Total Net Position	$ 248,342,919	$ 1,467,345	$ 2,013	$ 249,812,277

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	College	GTCC Innovative Resources Corp and Subsidiary	Eliminations	Total
OPERATING REVENUES				
Student Tuition and Fees, Net	$ 7,100,871	$ -	$ -	$ 7,100,871
Sales and Services, Net	4,386,284	1,367,628	(368,369)	5,385,543
Other Operating Revenues	109,866	-	-	109,866
Total Operating Revenues	11,597,021	1,367,628	(368,369)	12,596,280
OPERATING EXPENSES				
Operating Expenses	100,471,064	1,093,174	(367,623)	101,196,615
Depreciation/Amortization	9,887,836	-	-	9,887,836
Total Operating Expenses	110,358,900	1,093,174	(367,623)	111,084,451
Operating Income (Loss)	(98,761,879)	274,454	(746)	(98,488,171)
NONOPERATING REVENUES (EXPENSES)				
State Aid	52,082,174	-	-	52,082,174
County Appropriations	18,107,500	-	-	18,107,500
Noncapital Grants Student Financial Aid	23,861,950	-	-	23,861,950
Noncapital Grants	4,298,092	-	-	4,298,092
Federal Aid - Covid 19	5,504,066	-	-	5,504,066
Noncapital Gifts, Net	-	1,267	(1,267)	-
Noncapital Contributions	560,190	-	-	560,190
Investment Income	1,073,689	36	-	1,073,725
Interest and Fees Expense	(96,836)	-	-	(96,836)
Lease Interest Revenue	9,196	-	-	9,196
Other Nonoperating Revenues	212,747	-	-	212,747
Other Nonoperating Expenses	(231,429)	-	-	(231,429)
State Capital Aid	1,091,988	-	-	1,091,988
County Capital Aid	1,859,832	-	-	1,859,832
Capital Gifts, Net	14,051,426	-	-	14,051,426
Net Nonoperating Revenues (Expenses)	122,384,585	1,303	(1,267)	122,384,621
Increase (Decrease) in Net Position	23,622,706	275,757	(2,013)	23,896,450
NET POSITION				
Net Position, July 1, 2022 (as Restated)	224,724,329	1,191,588	-	225,915,917
Net Position, June 30, 2023	$ 248,347,035	$ 1,467,345	$ (2,013)	$ 249,812,367

Condensed Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	College	GTCC Innovative Resources Corp and Subsidiary	Eliminations	Total
Net Cash Provided (Used) by Operating Activities	$ (99,416,233)	$ 402,933	$ (746)	$ (99,014,046)
Net Cash Provided (Used) by Noncapital Financing Activities	104,302,625	1,267	(1,267)	104,302,625
Net Cash Provided (Used) by Capital Financing and Related Financing Activities	7,058,048	-	-	7,058,048
Net Cash Provided (Used) by Investing Activities	1,073,689	36	-	1,073,725
Net Increase (Decrease) in Cash and Cash Equivalents	13,018,129	404,236	(2,013)	13,420,352
Cash and Cash Equivalents, July 1, 2022	43,861,109	1,214,230	-	45,075,339
Cash and Cash Equivalents, June 30, 2023	$ 56,879,238	$ 1,618,466	$ (2,013)	$ 58,495,691

NOTE 18 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

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

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

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-to-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 19 - NET POSITION RESTATEMENT

As of July 1, 2022, net position as previously reported was restated as follows:

	Amount
July 1, 2022 Net Position as Previously Reported	$ 223,199,212
Restatement:	
Correction of prior year EBS license appraisal	2,291,695
Correction of prior year GASB-87 lease implementation	424,920
July 1, 2022 Net Position as Restated	$ 225,915,827

As of July 1, 2022, the College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Net position was not restated due to the implementation; however, assets and liabilities were restated as a result of the implementation. See Note 5 and Note 8 for details on the restated balances related to capital assets and lease liabilities, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

Guilford Technical 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	0.21171%	0.22122%	0.22101%	0.22555%	0.23460%
Proportionate Share of TSERS Collective Net Pension Liability	$ 31,422,502	$ 10,358,850	$ 26,702,422	$ 23,382,672	$ 23,356,985
Covered Payroll	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868	$ 37,167,037
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	81.15%	27.43%	69.08%	61.63%	62.84%
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	0.25643%	0.21524%	0.26684%	0.26936%	0.27340%
Proportionate Share of TSERS Collective Net Pension Liability	$ 20,346,287	$ 23,091,551	$ 9,833,582	$ 3,158,033	$ 16,598,166
Covered Payroll	$ 38,739,119	$ 36,301,610	$ 37,426,607	$ 37,618,950	$ 38,815,203
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	52.52%	63.61%	26.27%	8.39%	42.76%
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.

Guilford Technical 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	$ 7,337,356	$ 6,366,861	$ 5,581,996	$ 5,013,562	$ 4,662,933
Contributions in Relation to the Contractually Determined Contribution	$ 7,337,356	$ 6,366,861	$ 5,581,996	$ 5,013,562	$ 4,662,933
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868
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	$ 4,006,607	$ 3,866,164	$ 3,321,597	$ 3,424,535	$ 3,269,087
Contributions in Relation to the Contractually Determined Contribution	$ 4,006,607	$ 3,866,164	$ 3,321,597	$ 3,424,535	$ 3,269,087
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 37,167,037	$ 38,739,119	$ 36,301,610	$ 37,426,607	$ 37,618,950
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.

Guilford Technical Community College
Notes to Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
For the Fiscal Year Ended June 30, 2023

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 12 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

Guilford Technical Community College
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Seven Fiscal Years

Retiree Health Benefit Fund	**2023**	**2022**	**2021**	**2020**	**2019**
Proportionate Share Percentage of Collective Net OPEB Liability	0.17853%	0.18519%	0.18312%	0.19219%	0.20493%
Proportionate Share of Collective Net OPEB Liability	$ 42,394,438	$ 57,252,093	$ 50,798,082	$ 60,806,895	$ 58,381,598
Covered Payroll	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868	$ 37,167,037
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	109.49%	151.59%	131.41%	160.27%	157.08%
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	0.21158%	0.21879%
Proportionate Share of Collective Net OPEB Liability	$ 69,371,212	$ 95,181,087
Covered Payroll	$ 38,739,119	$ 36,301,610
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	179.07%	262.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.52%	2.41%

Guilford Technical Community College
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Seven Fiscal Years

Disability Income Plan of North Carolina	**2023**	**2022**	**2021**	**2020**	**2019**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.18073%	0.19048%	0.18797%	0.19343%	0.20295%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 53,764	$ (31,113)	$ (92,470)	$ (83,465)	$ (61,648)
Covered Payroll	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868	$ 37,167,037
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.14%	(0.08%)	(0.24%)	(0.22%)	(0.17%)
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)	0.22208%	0.22068%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (135,735)	$ (137,042)
Covered Payroll	$ 38,739,119	$ 36,301,610
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(0.35%)	(0.38%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	116.23%	116.06%

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

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

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

Exhibit C-4

Retiree Health Benefit Fund	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 2,908,768	$ 2,429,621	$ 2,522,850	$ 2,500,983	$ 2,378,892
Contributions in Relation to the Contractually Determined Contribution	$ 2,908,768	$ 2,429,621	$ 2,522,850	$ 2,500,983	$ 2,378,892
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868
Contributions as a Percentage of Covered Payroll	6.89%	6.27%	6.68%	6.47%	6.27%

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 2,248,606	$ 2,250,743	$ 2,032,890	$ 2,054,721	$ 2,031,423
Contributions in Relation to the Contractually Determined Contribution	$ 2,248,606	$ 2,250,743	$ 2,032,890	$ 2,054,721	$ 2,031,423
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 37,167,037	$ 38,739,119	$ 36,301,610	$ 37,426,607	$ 37,618,950
Contributions as a Percentage of Covered Payroll	6.05%	5.81%	5.60%	5.49%	5.40%

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

Disability Income Plan of North Carolina	**2023**	**2022**	**2021**	**2020**	**2019**
Contractually Required Contribution	$ 42,217	$ 34,847	$ 33,991	$ 38,655	$ 53,117
Contributions in Relation to the Contractually Determined Contribution	42,217	$ 34,847	$ 33,991	$ 38,655	$ 53,117
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868
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	$ 52,034	$ 147,209	$ 148,837	$ 153,449	$ 165,523
Contributions in Relation to the Contractually Determined Contribution	$ 52,034	$ 147,209	$ 148,837	$ 153,449	$ 165,523
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 37,167,037	$ 38,739,119	$ 36,301,610	$ 37,426,607	$ 37,618,950
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.

Guilford Technical 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 13 for more information on the specific assumptions for each plan. The actuarially determined contributions were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: Consistent with prior years, for the actuarial valuation measured as of June 30, 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* .

COMPLIANCE SECTION

SHARPE PATEL CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS 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 Board of Trustees of
Guilford Technical Community College
Jamestown, 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 Guilford Technical Community College (the "College"), a component unit of the State of North Carolina, 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 February 14, 2024.

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 controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal controls. Accordingly, we do not express and opinion on the effectiveness of the College's internal controls.

A deficiency in internal controls 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 controls, 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 controls 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 controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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 determination of financial statement amounts. 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards.*

Purpose of this Report

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

Sharpe Patel PLLC

Raleigh, North Carolina
February 14, 2024