SHARPE PATEL CPA

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, 2024

BEYOND THE NUMBERS
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GUILFORD TECHNICAL COMMUNITY COLLEGE
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INDEPENDENT AUDITORS' REPORT

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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, 2024, 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, 2024, 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 December 19, 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
December 19, 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, 2024. 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 over 30,000 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.

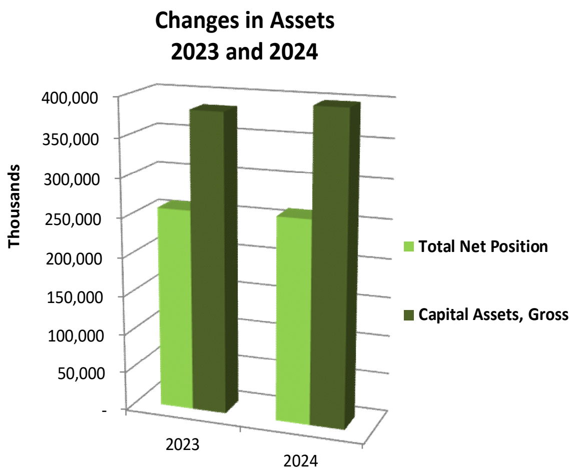
USING THE ANNUAL REPORT/ OVERVIEW OF FINANCIAL STATEMENTS

The College's financial report includes three financial statements:

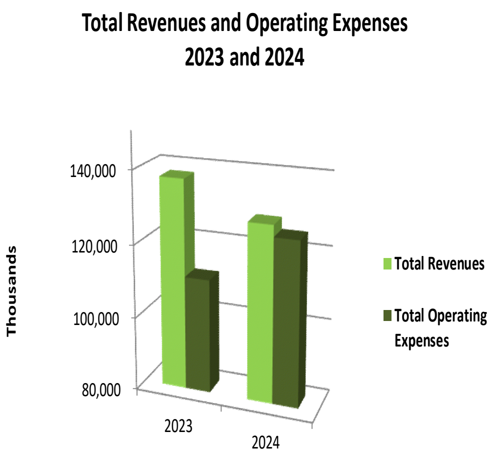
- the Statement of Net Position
- the Statement of Revenues, Expenses, and Changes in Net Position
- the Statement of Cash Flows.

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 2023 AND 2024



- The College's total assets exceed total liabilities on June 30, 2024, by $261,562,711 (total net position). This is an increase of $2,323,645 in net position over the prior fiscal year. This is impacted by an additional increase in total assets caused by a restatement of $9,426,789.
- Capital assets before depreciation, as restated, increased $13,605,701 to $397,452,106 on June 30, 2024.



- Total revenues for the fiscal year ended June 30, 2024, were $127,567,264, a decrease of $7,741,902 from the prior year. Operating revenues increased by $788,977 to $13,385,797 during the same period.
- Operating expenses at June 30, 2024, increased by $13,713,962 from the prior year to $124,798,413.

STATEMENT OF NET POSITION

The Statement of Net Position summarizes the financial position of the College as of June 30, 2024, 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, 2024, and June 30, 2023.

Condensed Statement of Net Position	FY 2024	FY 2023 (as restated)	Increase/<Decrease>	
			Amount	Percent
Assets:				
Current Assets	$ 43,947,713	45,805,005	$ (1,857,292)	-4.1%
Noncurrent Assets:				
Capital Assets, Net	279,824,558	277,312,823	2,511,735	0.9%
Other	17,511,417	19,370,386	(1,858,969)	-9.6%
Total Assets	341,283,688	342,488,214	(1,204,526)	-0.4%
Deferred Outflows:				
Pensions	23,172,587	20,489,931	2,682,656	13.1%
OPEB	10,860,444	7,990,780	2,869,664	35.9%
Total Deferred Outflows	34,033,031	28,480,711	5,552,320	19.5%
Liabilities:				
Current Liabilities	7,137,524	5,441,341	1,696,183	31.2%
Noncurrent Liabilities	89,475,558	80,053,603	9,421,955	11.8%
Total Liabilities	96,613,082	85,494,944	11,118,138	13.0%
Deferred Inflows:				
Pensions	398,023	623,892	(225,869)	-36.2%
OPEB	16,172,063	24,996,993	(8,824,930)	-35.3%
Leases	570,840	614,031	(43,191)	-7.0%
Total Deferred Inflows	17,140,926	26,234,916	(9,093,990)	-34.7%
Net Position:				
Investment in Capital Assets, net	274,289,838	270,925,903	3,363,935	1.2%
Restricted:				
Expendable	14,193,586	21,886,030	(7,692,444)	-35.1%
Unrestricted	(26,920,713)	(33,572,867)	6,652,154	-19.8%
Total Net Position	$ 261,562,711	$ 259,239,066	$ 2,323,645	0.9%

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

- In FY24, the College implemented Governmental Accounting Standards Board (GASB) Implementation Guide 2021-1 as required by the North Carolina Office of the State Controller (NCOSC). This statement recommends that all groups of assets that individually do not meet the capitalization threshold, but in total exceed the capitalization threshold of the organization, should be capitalized as a group asset. Using the template developed by NCOSC, the College recognized capital assets, net of depreciation totaling $9.5 million.
- Total current assets on June 30, 2024, were $43.9 million, a decrease of $1.9 million from the prior fiscal year. This was caused by a decrease in prepaid expenses of $1.1 million and a decrease in cash totaling $0.9 million. The decrease in prepaid expenses is associated with the capitalization of subscriptions as capitalized assets as opposed to recording as prepaid expenses.
- Total noncurrent assets, as restated, grew from $296.7 million to $297.3 million, an increase of $0.6 million. The prior year noncurrent assets were restated by a total $9.5 million related to the group assets as described above.
- Total Deferred Outflows for FY24 increased $5.6 million from FY23. The increase reflects changes in the projected versus actual earnings in the amount of $2.8 million. Additionally, there were increases from changes in plan proportions, changes in plan assumptions and expected versus actual experience and other items totaling $2.8 million made by the State's actuaries related to the Pension, Retiree Health, and Disability Income funds.
- Total current liabilities rose by $1.7 million from FY23 to $7.1 million. This increase is chiefly related to accrued liabilities associated with construction projects and to an increase in current liabilities associated with subscriptions.
- Total noncurrent liabilities ballooned $9.4 million. The long-term portion of the liabilities for pensions and OPEB increased by $10.5 million while the liabilities associated with lease and subscription liabilities dropped $0.8 million.
- Total Deferred Inflows for FY24 are $17.1 million, a decline of $9.1 million. The reduction reflects changes in assumptions and proportions of $9.1 million made by the State's actuaries related to the Pension, Retiree Health, and Disability Income funds. The inflows associated with leases remained relatively flat.
- The total net position on June 30, 2024, was $261.6 million. As of June 30, 2023, net position before restatements was $249.8 million and after restatements, total net position for FY23 was $259.2 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 2024	FY 2023 (as restated)	Increase/(Decrease)	
			Amount	Percent
Land	$ 22,264,255	$ 22,247,206	$ 17,049	0.1%
Construction in Progress	5,569,803	1,076,843	4,492,959	417.2%
Other Intangible Assets	2,291,695	2,291,695	0	0.0%
Buildings	258,389,658	257,336,357	1,053,301	0.4%
General Infrastructure	25,104,046	25,104,046	0	0.0%
Machinery and Equipment	73,636,764	66,686,478	6,950,287	10.4%
Right to Use Lease Assets - Buildings	3,521,121	3,684,393	(163,272)	-4.4%
Right to Use Lease Assets - Machinery and Equipment	123,921	123,921	(0)	0.0%
Right to Use Subscription Assets	6,550,843	5,295,466	1,255,377	0.0%
Total	397,452,106	383,846,405	13,605,701	3.5%
Less: Accumulated Depreciation/Amortization	117,627,548	106,533,581	11,093,967	10.4%
Capital Assets, net	$ 279,824,558	$ 277,312,824	$ 2,511,734	0.9%

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 $13.6 million over the prior year, as restated. The increase is the result of a net change in construction in progress of $4.5 million and buildings and infrastructure (after reclassing from CIP) of $1.1 million related predominately to various projects, a $7.0 million increase in machinery and equipment, and an increase in subscription assets in $1.3 million.

Machinery and Equipment rose $7.0 million, net. The majority of the new machinery and equipment was for the FAME program totaling over $3.0 million. Information Technologies increased $1.8 million as the College refreshed networking capabilities ($0.5 million) and purchased computers totaling $1.3 million for faculty and staff, as well as student labs. Additionally, $1.5 million was spent on security systems.

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, 2024, GTCC has future commitments for construction totaling $3.8 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 2024	FY 2023(as restated)	Increase/<Decrease>	
				Amount	Percent
Operating Revenue					
Student Tuition and Fees, Net		$ 7,268,835	$ 7,100,871	$ 167,964	2.4%
Sales and Services, Net		5,966,462	5,385,543	580,919	10.8%
Other Operating Revenues		150,300	109,866	40,434	36.8%
Total Operating Revenue	*	13,385,597	12,596,280	789,317	6.3%
Operating Expenses					
Salaries and Benefits		71,465,929	59,275,573	12,190,356	20.6%
Supplies and Materials		9,871,741	12,751,882	(2,880,141)	-22.6%
Services		13,946,695	12,954,510	992,185	7.7%
Scholarships and Fellowships		14,511,218	13,573,285	937,933	6.9%
Utilities		2,793,948	2,641,365	152,583	5.8%
Depreciation/Amortization		12,208,882	9,887,836	2,321,046	23.5%
Total Operating Expenses	**	124,798,413	111,084,451	13,713,962	12.3%
Operating Loss		(111,412,816)	(98,488,171)	(12,924,645)	-13.1%
Nonoperating Revenues (Expenses)					
State Aid	*	59,908,872	52,082,174	7,826,698	15.0%
County Appropriations	*	18,607,500	18,107,500	500,000	2.8%
Noncapital Grants - Student Financial Aid	*	27,579,764	23,861,950	3,717,814	15.6%
Federal Aid - COVID-19	*	-	5,504,066	(5,504,066)	-100.0%
Noncapital Grants, Gifts and Interest	*	6,403,294	5,941,203	462,091	7.8%
Other Nonoperating Revenues	*	(405,966)	212,747	(618,713)	-290.8%
Other Nonoperating Expenses	**	(445,207)	(328,266)	(116,941)	-35.6%
Net Nonoperating Revenues (Expenses)		111,648,257	105,381,374	6,266,883	5.9%
Income before other Revenues		235,441	6,893,203	(6,657,762)	-96.6%
State Capital Aid	*	1,406,422	1,091,988	314,434	28.8%
County Capital Aid	*	412,455	1,859,832	(1,447,377)	-77.8%
Capital Grants and Gifts	*	269,327	16,343,121	(16,073,794)	-98.4%
Increase in Net Position		2,323,645	26,188,144	(23,864,499)	-91.1%
Net Position, Beginning of Year		259,239,066	223,624,133	35,614,933	15.9%
Restatements		-	9,426,788	(9,426,788)	-100.0%
Net Position, End of Year		$ 261,562,711	$ 259,239,065	$ 2,323,646	0.9%

*Total Revenues equal $127,567,264
**Total Expenses equal $125,243,619

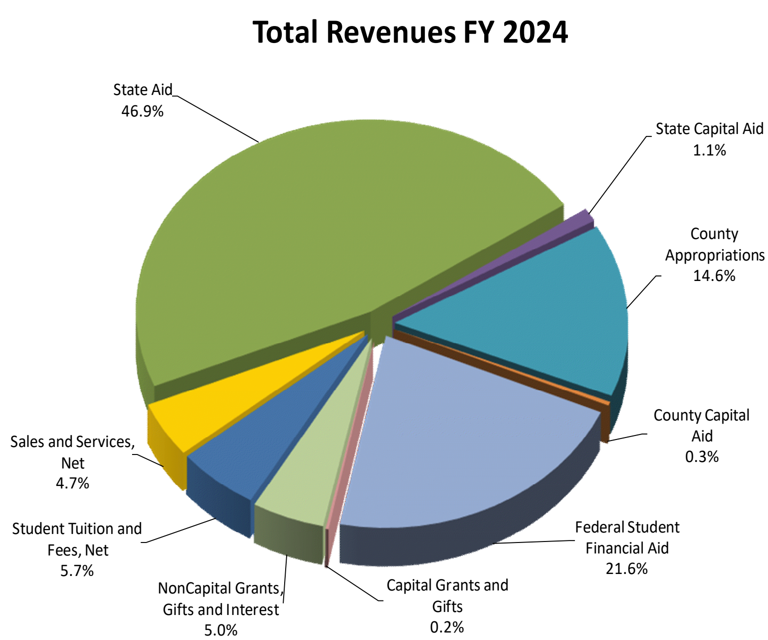
Revenues

Operating revenues increased overall by $0.8 million from FY23 to FY24. Student tuition and fees were up $0.2 million, and sales and services, net was up $0.6 million due to increased revenues of GC3 conference center events.

Net nonoperating revenues (expenses) grew by $6.3 million in 2024 to $111.6 million. Federal COVID-19 aid decreased by $5.5 million from FY23 as all remaining federal Higher Education Emergency Relief Funds (HEERF) were expended in FY23. There were increases in other nonoperating revenues for state and county aid totaling $8.3 million. Student financial aid increased by $3.7 million and other noncapital gifts, grants and interest increased by $0.5 million. State aid and student financial aid revenues increased due to the enrollment growth of the College.

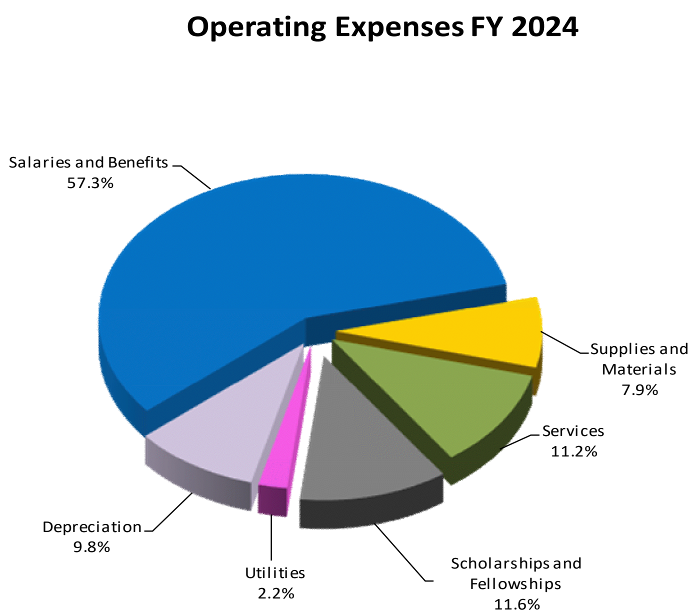
Revenues attributed to capital declined from FY23 to FY24 by $17.2 million. These revenues were predominately impacted by a decrease in state and county capital aid in the amount of $1.1 million as GTCC completed projects funded by those allocations. Capital grants dropped $13.7 million related to funding from the State Capital Infrastructure Fund (SCIF) in the prior year for several construction projects that GTCC is undertaking.

Overall, state aid (both appropriations and capital aid), net of tuition receipts collected, constituted 48.0% of the College's total revenues for FY24, an increase from last year's rate of 39.4%. 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 and reflects an overall increase in dependence on state funding.



Expenses

Operating expenses for FY24 increased by $13.7 million overall to $124.8 million. Salaries and benefits grew by $12.2 million from FY23 to $71.5 million. The increase was caused by the continuing implementation of a college longevity program, increases in headcount, college-wide raises, and recruitment and/or retention bonuses for faculty, and increases in retirement and health insurance benefit costs. Supplies, materials, and services expenditures decreased from FY23 by $1.9 million caused by capitalization of group assets as described above. Depreciation and amortization expenses increased $2.3 million due in large part to the capitalization of group assets.



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

Expenses by Functional Area	FY 2024	FY 2023	Increase/(Decrease) Amount	Percent
Education and General				
Instruction	$ 42,305,412	$ 36,044,267	$ 6,261,145	17.4%
Academic Support	8,496,323	7,718,083	778,240	10.1%
Student Services	8,251,408	6,642,787	1,608,621	24.2%
Institutional Support	16,577,628	15,147,174	1,430,454	9.4%
Operations and Maintenance of Plant	14,041,743	14,849,136	(807,393)	-5.4%
Student Financial Aid	14,511,218	13,573,285	937,933	6.9%
Total Educational and General	104,183,732	93,974,732	10,209,000	10.9%
Other Operating Expenses				
Auxiliary Enterprises	8,405,799	7,221,883	1,183,916	16.4%
Depreciation/Amortization	12,208,882	9,887,836	2,321,046	23.5%
Total Other Operating Expenses	20,614,681	17,109,719	3,504,962	20.5%
Total Operating Expenses	$ 124,798,413	$ 111,084,451	$ 13,713,962	12.3%

- All functional areas were impacted by salaries and benefits related to pay increases and faculty bonuses (if applicable for that area). Additionally, expenses associated with pensions/OPEB changes accounted for approximately $7 million in salaries and benefits increases across all functional areas.
- There was a $0.8 million reduction in expenditures in Operation and Maintenance of Plant as a result of decreased contracted services expenditures.
- Student Financial Aid increased $0.9 due to increased Pell grants given during FY24 related to increased enrollment activity.
- Auxiliary Enterprises rose $1.2 million related to increases in expenditures for upgraded security systems.
- Depreciation/Amortization expense increased from the prior year by $2.3 million as the College recognized group assets as discussed above.

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 2024	FY 2023	Increase/<Decrease>	
			Amount	Percent
Cash Flows from Operating Activities	$ (102,281,174)	$ (99,014,045)	$ (3,267,129)	3.3%
Cash Flows from Noncapital Financing Activities	110,340,211	104,302,626	6,037,585	5.8%
Cash Flows from Capital and Related Financing Activities	(12,927,342)	7,058,047	(19,985,388)	-283.2%
Cash Flows from Investing Activities	2,088,024	1,073,725	1,014,299	94.5%
Net increase (decrease) in cash and cash equivalents	(2,780,281)	13,420,353	(16,200,633)	-120.7%
Cash and cash equivalents, July 1	58,495,691	45,075,338	13,420,352	29.8%
Cash and cash equivalents, June 30	$ 55,715,410	$ 58,495,691	$ (2,780,281)	-4.8%

FACTORS IMPACTING FUTURE PERIODS

Fiscal year 2023-2024 had many accomplishments and a number of additional opportunities develop for the College. GTCC's students had a lot of successes including medals in both the state and national Skills USA competitions. Over 20 student-athletes were named to the NJCAA Region 10 All-Academic Team. One of GTCC's e-sports teams was ranked number one nationally while our Culinary Bowl team won the championship at the National Community College Culinary Knowledge Bowl. Most importantly, GTCC had over 2,000 students graduate this year with over 2,600 credentials!

In addition to GTCC's student successes, GTCC continued to form new alliances with community partners in the aviation, manufacturing, and workforce sectors. The College received donations of aerospace materials for use in instructional programs, forged an agreement to create a workforce continuing education program in battery manufacturing and received a grant to benefit its Workforce and Continuing Education students. The second class of the Federation of Advanced Manufacturing Education (FAME) began. GTCC runs the North Carolina First in Flight Chapter of this national organization which works with an alliance of multiple manufacturers. The Advanced Manufacturing Technician (AMT) program partners students with industry while they take classes allowing them to gain valuable employment experience with manufacturing leaders while also completing their associate degree. It also allows the sponsoring company to hire graduates as full-time employees after graduation.

GTCC continues to strengthen partnerships in the local communities it serves in other ways. The college also entered into an agreement with High Point Arts Council in the formation of a community band (the Titan Civic Band) strengthening ties to that city's citizens. This band consists of a community ensemble that consists of GTCC students, faculty and staff and many others from Guilford County.

The GTCC Foundation had an exemplary year with its record-breaking fundraising of over $1.5 million. As a part of that, the GTCC Foundation received five grants with grant projects focusing on Adult Education/Basic Skills, workforce and career and technical education programs, and support for the College's Titan Link programs. Titan Link provides resources and information that assists with non-academic challenges such as housing, transportation, food insecurity, childcare, and emergency loans to students. As a part of this effort, Titan Link, the GTCC Foundation and the Out of the Garden Project provides fresh produce and meat at no charge to the community monthly. Additionally, the Foundation received three grants to provide cold storage for foods as well as shelf-stable and fresh food helping students increase access to healthy food and provide nutrition education to eliminate health risks for those experiencing food insecurity.

The Conference Center at GTCC also had a record-breaking year serving over 80 clients holding over 200 meetings with almost 19,000 attendees and having gross revenue of over $1 million for the first time in its history.

Adding to this string of successes and new community partnerships, GTCC had a year with great enrollment growth. From the spring semester of 2023 to the spring semester of 2024, GTCC experienced a 7% increase in unduplicated headcount and a 10% increase in full time equivalents (FTE). FTE is a calculation of how many students would be attending if all students were enrolled full time (12 credit hours or more). During 2023-2024, GTCC's headcount, for the first time since COVID-19 began, topped 30,000 students. That placed GTCC as 3rd largest in the statewide community college ranking; a place it has not held in approximately 10 years. In terms of FTE, GTCC is still ranked as the 4th largest community college out of the 58 community colleges in the state.

As with most opportunities, challenges also come. With the increase in student and class counts, GTCC needs qualified faculty and staff to ensure a high-quality learning environment for its students. Post COVID-19, this has become increasingly difficult.

For instructors, the College is searching for candidates with both technical and teaching skills. For these specialized instructors, the causes of recruitment concerns are multifaceted and include finding someone with the specialized skill set in a competitive market while under funding constraints and within geographic limitations for in-person classes.

Similar constraints exist on the specialized administrative staff positions. These potential employees are being lured away from higher education by any number of industries that can offer more lucrative salaries and flexible or remote work options.

Vacancies in both types of positions have significant implications at a college. These implications include:

- The erosion of agility and innovation: Community colleges are generally known for these qualities. However, vacancies stifle these abilities.
- Limitations on the programs offered: A shortage of qualified faculty can lead to the scaling back of programs.
- Increased workload for existing staff: Existing faculty and staff often face increased workloads which results in burnout and decreased job satisfaction. That, in turn, exacerbates recruitment and retention issues.

GTCC is facing a lot of these issues in both faculty and staff. Looking at GTCC's statistics and comparing them to the other 57 community colleges across the state, GTCC's instructional average salary ranks 3rd overall statewide for fiscal year 2022-2023 (the most recent statewide data available). GTCC's non-instructional staff average salary ranks 12th overall statewide for the same timeframe. As funding allows, the College continues its commitment to increase salaries for faculty and staff.

The workplace has greatly changed in the last several years. However, the measure of what makes a great workplace has not changed. The ideal workplace is the one that cares for its employees and views employee engagement as the means for improving important business outcomes, like enrollment, retention, and performance. The College must continue to adapt to new expectations, recruit and retain talented faculty and staff, offer strong professional development opportunities, and flexible work options. The College continues to focus on these initiatives to make GTCC a great place to work. This commitment will result in continued growth in enrollment and the success of our students creating a strong institutional culture that can be the foundation of even greater opportunities to come.

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

BASIC FINANCIAL STATEMENTS

Guilford Technical Community College
Statement of Net Position
June 30, 2024

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 33,545,484
Restricted Cash and Cash Equivalents	5,430,624
Receivables, Net (Note 4)	1,675,989
Due from Community College Component Units	9,210
Inventories	891,579
Prepaid Items	2,357,003
Notes Receivable, Net	3,500
Leases Receivable, Net (Note 8)	34,324
Total Current Assets	43,947,713
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	16,739,302
Restricted Due from Primary Government	173,730
Leases Receivable, Net (Note 8)	598,385
Capital Assets - Nondepreciable (Note 5)	30,125,753
Capital Assets - Depreciable, Net (Note 5)	249,698,805
Total Noncurrent Assets	297,335,975
Total Assets	341,283,688
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	23,172,587
Deferred Outflows Related to Other Postemployment Benefits (Note 13)	10,860,444
Total Deferred Outflows of Resources	34,033,031
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 6)	3,263,722
Unearned Revenue	1,148,839
Funds Held for Others	99,536
Long-Term Liabilities - Current Portion (Note 7)	2,625,427
Total Current Liabilities	7,137,524
Noncurrent Liabilities:	
Long-Term Liabilities (Note 7)	89,475,558
Total Noncurrent Liabilities	89,475,558
Total Liabilities	96,613,082
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	398,023
Deferred Inflows Related to Other Postemployment Benefits (Note 13)	16,172,063
Deferred Inflows for Leases	570,840
Total Deferred Inflows of Resources	17,140,926

NET POSITION	
Net Investment in Capital Assets	274,289,838
Restricted:	
Expendable:	
Student Financial Aid	6,450
Capital Projects	9,776,673
Other	4,410,463
Total Restricted-Expendable Net Position	14,193,586
Unrestricted	(26,920,713)
Total Net Position	$ 261,562,711

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, 2024 — *Exhibit A-2*

OPERATING REVENUES		
Student Tuition and Fees, Net (Note 10)	$	7,268,835
Sales and Services, Net (Note 10)		5,966,462
Other Operating Revenues		150,300
Total Operating Revenues		13,385,597
OPERATING EXPENSES		
Salaries and Benefits		71,465,929
Supplies and Services		23,818,436
Scholarships and Fellowships		14,511,218
Utilities		2,793,948
Depreciation/Amortization		12,208,882
Total Operating Expenses		124,798,413
Operating Loss		(111,412,816)
NONOPERATING REVENUES (EXPENSES)		
State Aid		59,908,872
County Appropriations		18,607,500
Student Financial Aid		27,579,764
Noncapital Contributions		4,307,205
Investment Income		2,096,089
Interest and Fees on Debt		(105,966)
Other Nonoperating Revenues (Expenses)		(745,207)
Net Nonoperating Revenues		111,648,257
Income (Loss) Before Other Revenues		235,441
State Capital Aid		1,406,422
County Capital Aid		412,455
Capital Contributions		269,327
Total Other Revenues		2,088,204
Increase (Decrease) in Net Position		2,323,645
NET POSITION		
Net Position - July 1, 2023, as Restated (Note 19)		259,239,066
Net Position - June 30, 2024	$	261,562,711

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES *	
Received from Customers	$ 13,336,434
Payments to Employees and Fringe Benefits	(75,433,957)
Payments to Vendors and Suppliers	(25,113,550)
Payments for Scholarships and Fellowships	(14,511,218)
Loans Issued to Students	(3,500)
William D. Ford Direct Lending Receipts	19,549,859
William D. Ford Direct Lending Disbursements	(19,549,859)
Other Receipts (Payments)	(555,383)
Net Cash Provided (Used) by Operating Activities	(102,281,174)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid	59,908,872
County Appropriations	18,607,500
Student Financial Aid	27,579,764
Noncapital Contributions	4,244,075
Net Cash Provided (Used) by Noncapital Financing Activities	110,340,211
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
State Capital Aid	1,417,572
County Capital Aid	516,509
Capital Contributions	233,826
Proceeds from Lease Arrangements	41,965
Acquisition and Construction of Capital Assets	(12,785,982)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(2,245,266)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	(105,966)
Net Cash Provided (Used) by Capital Financing and Related Financing Activities	(12,927,342)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	2,088,024
Net Cash Provided (Used) by Investing Activities	2,088,024
Net Increase (Decrease) in Cash and Cash Equivalents	(2,780,281)
Cash and Cash Equivalents - July 1, 2023	58,495,691
Cash and Cash Equivalents - June 30, 2024	$ 55,715,410

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(111,412,816)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense		12,208,882
Other Nonoperating Income (Expenses)		(318,013)
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		(423,992)
Inventories		131,137
Prepaid Items		1,083,194
Notes Receivable, Net		(3,500)
Deferred Outflows Related to Pensions		(2,682,656)
Deferred Outflows Related to Other Postemployment Benefits		(2,869,664)
Changes in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Liabilities		279,671
Unearned Revenue		135,448
Funds Held for Others		6,615
Net Pension Liability		5,747,500
Net Other Postemployment Benefits Liability		4,837,394
Compensated Absences		50,425
Deferred Inflows Related to Pensions		(8,824,930)
Deferred Inflows Related to Other Postemployment Benefits		(225,869)
Net Cash Used by Operating Activities	$	(102,281,174)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$	2,675,399
Assets Acquired through a Gift	$	35,500
Loss on Disposal of Capital Assets	$	(470,385)
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	$	(63,167)

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

Guilford Technical Community College Foundation, Inc.
Statement of Financial Position
June 30, 2024 — *Exhibit B-1*

		Total
ASSETS		
Current Assets		
Cash and cash equivalents	$	140,793
Accounts receivable		18,233
Promises to give due within one year, net of allowance for doubtful accounts of $0 and $0 for 2024 and 2023, respectively		124,925
Investments - available for sale		17,160,165
Inventory		15,833
Prepaid expenses		119
Total Current Assets		17,460,068
Other Assets		
Promises to give due after one year, less discounts of $261,450 and $262,491 for 2024 and 2023, respectively		82,820
Investments - partnerships and REIT interests		272,547
Land		1,686,743
Beneficial interest in charitable remainder trust		110,228
Total Other Assets		2,152,338
Total Assets	$	19,612,406
LIABILITIES		
Current Liabilities		
Accounts payable	$	78,368
Total Liabilities		78,368
NET ASSETS		
Without Donor Restrictions:		9,700,974
With Donor Restrictions		9,833,064
Total Net Assets		19,534,038
Total Liabilities and Net Assets	$	19,612,406

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

Guilford Technical Community College Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2024 *Exhibit B-2*

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions, net of discounts	$ 66,849	$ 1,088,990	$ 1,155,839
Grants	-	310,355	310,355
Investment income	920,356	562,751	1,483,107
Miscellaneous income	1	7,813	7,814
Administrative services contributed by the College	258,467	-	258,467
Contributed materials and equipment	31,246	175,223	206,469
Total support and revenues	1,276,919	2,145,132	3,422,051
Net assets released from restrictions	774,265	(774,265)	-
Total support and revenues and net assets released from restrictions	2,051,184	1,370,867	3,422,051
EXPENSES:			
Program services	1,166,958	-	1,166,958
Management and general	345,042	-	345,042
Fundraising	44,900	-	44,900
Total expenses	1,556,900	-	1,556,900
Change in net assets	494,284	1,370,867	1,865,151
NET ASSETS			
Net assets at beginning of year	9,206,690	8,462,197	17,668,887
Net assets at end of year	$ 9,700,974	$ 9,833,064	$ 19,534,038

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) 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.

During the year ended June 30, 2024, GIRC distributed $200,000 to the College and $300,000 to the GTCC Foundation for both restricted and unrestricted purposes. Separate financial statements for GIRC (and subsidiary) may be obtained from the College Chief Financial Officer, PO Box 309, Jamestown, NC 27282 or at the following website: https://gtcc.edu/community-engagement/giving-to-gtcc/related-entities-financial-information.php.

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

Discretely Presented Component Unit – Guilford Technical Community College Foundation, Inc. (Foundation) is a legally separate, nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of 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 34 members of which 9 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, 2024, the Foundation distributed $728,032 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 or at the following website: https://gtcc.edu/community-engagement/giving-to-gtcc/related-entities-financial-information.php.

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 at cost 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 and indirect construction costs.

The College capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year. In addition, grouped acquisitions of machinery and equipment that have an estimated useful life of more than one year but are individually below the $5,000 threshold are capitalized.

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

Asset Class	Estimated Useful Life
Buildings	10-100 years
Machinery and Equipment	2-30 years
General Infrastructure	10-75 years

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 leased asset is amortized over the asset's estimated useful life.

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

I. Accounting and Reporting of Fiduciary Activities - 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 2023 *Annual Comprehensive Financial Report.* This liability represents the College's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 12 for further information regarding the College's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

The net OPEB liability represents the College's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2023 *Annual Comprehensive Financial Report*. This liability represents the College's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund and Disability Income Plan of North Carolina. 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 a future period(s) 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

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

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

Restricted Net Position - 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 $5,315, and deposits in private financial institutions with a carrying value of $55,710,095 and a bank balance of $58,518,177.

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

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

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

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

At June 30, 2024, the amount shown on the Statement of Net Position as cash and cash equivalents includes $51,957,102, which represents the College's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.4 years as of June 30, 2024. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

A reconciliation of deposits and investments for the College to the basic financial statement as of June 30, 2024, is as follows:

Cash on Hand	$	5,315
Carrying Amount of Deposits with Private Financial Institutions		3,752,993
Investments in the Short-Term Investment Fund		51,957,102
Total Deposits and Investments	$	55,715,410
Deposits		
Current:		
Cash and Cash Equivalents	$	33,545,484
Restricted Cash and Cash Equivalents		5,430,624
Noncurrent:		
Restricted Cash and Cash Equivalents		16,739,302
Total Deposits and Investments	$	55,715,410

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	$	937,954
Exchange-traded funds		1,081,938
Mutual funds		13,568,430
Alternative mutual funds		1,571,843
Total	$	17,160,165

Note 3 - Fair Value Measurements

Short-Term Investment Fund - At year-end, all of the College's investments valued at $51,957,102 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. Data for June 30, 2024 is unavailable. It is estimated that any change in this trust would be immaterial.

The following table sets for the level within the fair value hierarchy, for the Foundation's investments at fair value as of June 30, 2024:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 937,954	$ 937,954	$ -	$ -
Exchange-traded funds	1,081,938	1,081,938		
Mutual funds	13,568,430	13,568,430		
Alternative mutual funds	1,571,843	1,571,843		
Grubb QOF REIT	272,547			272,547
Beneficial interest in CRT	110,228			110,228
Total	$ 17,542,940	$ 17,160,165	$ -	$ 382,775

Note 4 - Receivables

Receivables at June 30, 2024, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,380,084	$ 470,092	$ 909,992
Student Sponsors	83,227	525	82,702
Accounts	299,412	-	299,412
Intergovernmental	98,089	-	98,089
Other	291,495	5,701	285,794
Total Current Receivables	$ 2,152,307	$ 476,318	$ 1,675,989

Note 5 - Capital Assets

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

	Balance July 1, 2023 (as Restated)	Increases	Decreases	Balance June 30, 2024
Capital Assets, Nondepreciable:				
Land and Permanent Easements	$ 22,247,206	$ 17,049	$ -	$ 22,264,255
Construction in Progress	1,076,843	5,563,310	1,070,350	5,569,803
Other - Educational Broadband Spectrum	2,291,695	-	-	2,291,695
Total Capital Assets, Nondepreciable	25,615,744	5,580,359	1,070,350	30,125,753
Capital Assets, Depreciable:				
Buildings	257,336,357	1,053,301	-	258,389,658
Machinery and Equipment	66,686,477	8,126,910	1,176,623	73,636,764
General Infrastructure	25,104,046	-	-	25,104,046
Right-to-Use Leased Buildings	3,684,393	-	163,272	3,521,121
Right-to-Use Leased Machinery and Equipment	123,921	-	-	123,921
Right-to-Use Subscription Assets	5,295,467	1,548,857	293,481	6,550,843
Total Capital Assets, Depreciable	358,230,661	10,729,068	1,633,376	367,326,353
Less Accumulated Depreciation/Amortization for:				
Buildings	72,195,890	5,016,493	-	77,212,383
Machinery and Equipment	25,112,829	4,492,038	706,239	28,898,628
General Infrastructure	6,351,939	437,185	-	6,789,124
Right-to-Use Leased Buildings	1,323,985	599,195	115,196	1,807,984
Right-to-Use Leased Machinery and Equipment	33,287	30,086	-	63,373
Right-to-Use Subscription Assets	1,515,651	1,633,885	293,480	2,856,056
Total Accumulated Depreciation/Amortization	106,533,581	12,208,882	1,114,915	117,627,548
Total Capital Assets, Depreciable, Net	251,697,080	(1,479,814)	518,461	249,698,805
Capital Assets, Net	$ 277,312,824	$ 4,100,545	$ 1,588,811	$ 279,824,558

As of June 30, 2024, the total amount of right-to-use leased and subscription assets was $

3,645,042 and $6,550,843, and the related accumulated amortization was $1,871,357 and $2,856,056, respectively.

The College has capitalized as a nondepreciable 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.

Note 6 - Accounts Payable and Accrued Liabilities

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

		Amount
Current Accounts Payable and Accrued Liabilities:		
Accounts Payable	$	841,790
Accounts Payable - Capital Assets		965,981
Accrued Payroll		1,119,833
Contract Retainage		212,615
Other		123,503
Total Current Accounts Payable and Accrued Liabilities	$	3,263,722

Note 7 - Long-Term Liabilities

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

	Balance July 1, 2023 (as restated)	Additions	Reductions	Ending Balances	Due Within One Year
Lease liability	$ 2,484,571	$ -	$ 695,750	$ 1,788,821	$ 618,475
Subscription (SBITA) liability	3,846,689	1,440,427	1,597,593	3,689,523	1,633,851
Net pension liability	31,422,502	4,837,394	-	36,259,896	-
Net OPEB liability	42,448,202	5,684,333	-	48,132,535	-
Compensated absences	2,179,785	50,425	-	2,230,210	373,101
Total long-term liabilities	$ 82,381,749	$ 12,012,579	$ 2,293,343	$ 92,100,985	$ 2,625,427

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, 2024, the College recognized operating revenues related to lessor arrangements totaling $43,190, and nonoperating lease interest income totaling $8,065.

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

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2024	Current Portion	Lease Terms	Interest Rate/ Ranges
Lessor:					
Land	1	$ 632,710	$ 34,324	13.25 yrs	1.24%
Total	1	$ 632,710	$ 34,324		

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 at the present value of payments expected o be made during the lease term plus any upfront payments and ancillary charges paid to place the underlying right-to-user asset into service. The expected payments are discounted using the interest rate state per the lease contract, or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

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

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Terms (1)	Interest Rate/ Ranges
Lessee:					
Right-to-Use Leased Buildings	5	$ 1,726,414	$ 593,371	6.33 yrs	0.29% - 1.18%
Right-to-Use Leased Machinery and Equipment	2	62,407	25,104	2.17 yrs	0.26% - 3.16%
Total	7	$ 1,788,821	$ 618,475		

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

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 interest rate stated per the SBITA contract or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

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

Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2024	Current Portion	SBITA Terms and Conditions	Interest Rate/ Ranges
15	$ 3,689,523	$ 1,633,851	1 - 4 yrs	0.53% - 3.45%

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

	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$ 618,475	$ 11,779	$ 1,633,851	$ 80,245
2026	629,983	7,653	1,141,954	45,221
2027	256,739	4,129	751,489	22,210
2028	34,159	3,168	162,229	5,197
2029	32,760	2,769	-	-
2030-2034	169,727	7,918	-	-
2035-2039	46,978	394	-	-
2040-2044	-	-	-	-
Total Requirements	$ 1,788,821	$ 37,810	$ 3,689,523	$ 152,873

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	$ (13,485,332)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(53,444,154)
Effect on Unrestricted Net Position	(66,929,486)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	40,008,773
Total Unrestricted Net Position	$ (26,920,713)

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	Discounts and Allowances	Allowance for Uncollectibles	Net Revenues
Operating Revenues:				
Student Tuition and Fees, Net	$ 19,990,014	$ 12,675,222	$ 45,957	$ 7,268,835
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Dining	$ 122,881	$ -	$ -	$ 122,881
Bookstore	6,057,404	1,427,563	(10,778)	4,640,619
Other	538,585	419,046	3,456	116,083
Sales and Services of Education and Related Activities	1,086,879	-	-	1,086,879
Total Sales and Services, Net	$ 7,805,749	$ 1,846,609	$ (7,322)	$ 5,966,462

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	$ 38,339,723	$ 3,965,689	$ -	$ -	$ -	$ 42,305,412
Academic Support	7,368,769	1,127,554	-	-	-	8,496,323
Student Services	7,250,058	1,001,350	-	-	-	8,251,408
Institutional Support	11,198,655	5,378,973	-	-	-	16,577,628
Operations and Maintenance of Plant	6,309,271	4,938,524	-	2,793,948	-	14,041,743
Student Financial Aid	-	-	14,511,218	-	-	14,511,218
Auxiliary Enterprises	999,453	7,406,346	-	-	-	8,405,799
Depreciation/Amortization	-	-	-	-	12,208,882	12,208,882
Total Operating Expenses	$ 71,465,929	$ 23,818,436	$ 14,511,218	$ 2,793,948	$ 12,208,882	$ 124,798,413

Note 12 - Pension Plans

Defined Benefit Plan

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

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

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from 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, 2024, was 17.64% of covered payroll. Plan members' contributions to the pension plan were $2,700,407, and the College's contributions were $7,783,113 for the year ended June 30, 2024.

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

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

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

Net Pension Liability: At June 30, 2024, the College reported a liability of $36,259,986 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total pension liability to June 30, 2023. The College's proportion of the net pension liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially determined. As of June 30, 2023, the College's proportion was 0.21749%, which was an increase of 0.00578% from its proportion measured as of June 30, 2022, which was 0.21171%.

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

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

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

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

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

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

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

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

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2022 valuation. 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, 2023 calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 62,249,745	$ 36,259,896	$ 14,819,114

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2024, the College recognized pension expense of $9,729,799. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 2,956,039	$ 267,624
Changes of Assumptions	1,273,400	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,098,378	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	1,045,937	130,399
Contributions Subsequent to the Measurement Date	7,798,833	-
Total	$ 23,172,587	$ 398,023

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

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

Year Ending June 30:	Amount
2025	$ 4,942,892
2026	2,785,506
2027	6,815,961
2028	431,371
2029	-
Total	$ 14,975,730

Note 13 - Other Postemployment Benefits

The College participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2023 *Annual Comprehensive Financial Report.* An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at 919-707-0500.

A. Summary of Significant 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 2023 *Annual Comprehensive Financial Report.*

B. Plan Descriptions

1. Health Benefits

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

The Retiree Health Benefit Fund (RHBF) has been established by Chapter 135-7, Article 1 of the General Statutes as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of 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, 2024 was 7.14% of covered payroll. The College's contributions to the RHBF were $3,162,300 for the year ended June 30, 2024.

In fiscal year 2022, the Plan transferred $180.51 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2024, the College recognized noncapital contributions for RHBF of $63,167.

2. Disability Income

Plan Administration: As discussed in Note 13, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain participating component units and LEAs which are not part of the 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, 2024 was 0.11% of covered payroll. The College's contributions to DIPNC were $48,523 for the year ended June 30, 2024.

C. Net OPEB Liability

Retiree Health Benefit Fund: At June 30, 2024, the College reported a liability of $48,083,431 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the College's proportion was 0.18044%, which was increase of 0.00191% from its proportion measured as of June 30, 2022, which was 0.17853%.

Disability Income Plan of North Carolina: At June 30, 2024, the College reported a liability of $49,104 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The College's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the College relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the College's proportion was 0.18463%, which was increase of 0.0039% from its proportion measured as of June 30, 2022, which was 0.18073%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total

OPEB liabilities were then rolled forward to June 30, 2023 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2022	12/31/2022
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.0%
Healthcare Cost Trend Rate - Medical***	6.5% grading down to 5% by 2029	N/A
Healthcare Cost Trend Rate - Prescription Drug***	10% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Prescription Drug Rebates***	7% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	0% through 2025, 5% thereafter	N/A
Healthcare Cost Trend Rate - Administrative***	3%	N/A

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return is net of OPEB plan investment expense, including inflation.
*** Disability Income Plan of NC eliminated employer reimbursements from the Plan (which included State Health Plan premiums) effective July 1, 2019.
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, 2023.

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
RHBF	$ 56,723,557	$ 48,083,431	$ 41,046,623
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	$ 59,030	$ 49,104	$ 38,997

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% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6%, Med. Advantage - 0% - 4%, Administrative - 2%)		Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 0% - 5%, Administrative - 3%)		1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 0% - 6%, Administrative - 4%)	
RHBF	$	39,697,183	$	48,083,431	$	58,897,322

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, 2024, the College recognized OPEB expense as follows:

OPEB Plan	Amount	
RHBF	$	(2,805,096)
DIPNC		77,704
Total OPEB Expense	$	(2,727,392)

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

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

	RHBF		DIPNC		Total	
Differences Between Actual and Expected Experience	$	529,493	$	43,034	$	572,527
Changes of Assumptions		5,208,899		3,578		5,212,477
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		384,115		64,137		448,252
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions		1,383,382		26,498		1,409,880
Contributions Subsequent to the Measurement Date		3,168,687		48,621		3,217,308
Total	$	10,674,576	$	185,868	$	10,860,444

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 47,112	$ 27,198	$ 74,310
Changes of Assumptions	12,828,271	8,382	12,836,653
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	3,261,100	-	3,261,100
Total	$ 16,136,483	$ 35,580	$ 16,172,063

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

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

Year Ending June 30:	RHBF	DIPNC
2025	$ (4,190,867)	$ 33,328
2026	(3,845,957)	21,080
2027	(1,616,217)	26,924
2028	1,022,448	12,623
2029	(1)	4,956
Thereafter	-	2,756
Total	$ (8,630,594)	$ 101,667

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 participated 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. Effective July 1, 2023, the member's balances in each of their funds were combined into one fund per member. The combined fund will provide the same coverage as Funds K and L. The College's combined fund balance at June 30, 2024 is $2,258,297 (11% of the total fund balance). There is a documented process by which the college may withdraw up to its equity from the fund. On July 6, 2023, the LGELF Board voted to dissolve Local Government Excess Liability Funds, Inc. To minimize losses, the LGELF Board decided to implement a "run off" and orderly exit for the Fund in accordance with the current schedule of investment maturities. Member will receive their pro-rata share as the investments mature. The last scheduled investment maturity date is set for February 2026.

Note 15 - Commitments and Contingencies

The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $3,777,422 at June 30, 2024.

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, 2024, is presented as follows:

Condensed Statement of Net Position
June 30, 2024

	College	GTCC Innovative Resources Corp and Subsidiary	Eliminations	Total
ASSETS				
Current Assets	$ 42,483,628	$ 1,464,085	$ -	$ 43,947,713
Capital Assets, Net	279,824,558	-	-	279,824,558
Other Noncurrent Assets	17,511,417	-	-	17,511,417
Total Assets	339,819,603	1,464,085	-	341,283,688
TOTAL DEFERRED OUTFLOWS OF RESOURCES	34,033,031	-	-	34,033,031
LIABILITIES				
Current Liabilities	6,957,673	182,449	(2,598)	7,137,524
Long-Term Liabilities	89,475,558	-	-	89,475,558
Total Liabilities	96,433,231	182,449	(2,598)	96,613,082
TOTAL DEFERRED INFLOWS OF RESOURCES	17,140,926	-	-	17,140,926
NET POSITION				
Net Investment in Capital Assets	274,289,838	-	-	274,289,838
Restricted - Expendable	14,193,586	-	-	14,193,586
Unrestricted	(28,204,947)	1,281,636	2,598	(26,920,713)
Total Net Position	$ 260,278,477	$ 1,281,636	$ 2,598	$ 261,562,711

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

	College	GTCC Innovative Resources Corp and Subsidiary	Eliminations	Total
OPERATING REVENUES				
Student Tuition and Fees, Net	$ 7,268,835	$ -	$ -	$ 7,268,835
Sales and Services, Net	4,941,863	1,412,064	(387,465)	5,966,462
Other Operating Revenues	150,300	-	-	150,300
Total Operating Revenues	12,360,998	1,412,064	(387,465)	13,385,597
OPERATING EXPENSES				
Operating Expenses	111,381,785	1,598,168	(390,422)	112,589,531
Depreciation/Amortization	12,208,882	-	-	12,208,882
Total Operating Expenses	123,590,667	1,598,168	(390,422)	124,798,413
Operating Income (Loss)	(111,229,669)	(186,104)	2,957	(111,412,816)
NONOPERATING REVENUES (EXPENSES)				
State Aid	59,908,872	-	-	59,908,872
County Appropriations	18,607,500	-	-	18,607,500
Noncapital Grants - Student Financial Aid	27,579,764	-	-	27,579,764
Noncapital Grants	4,507,205	-	(200,000)	4,307,205
Noncapital Gifts, Net	-	359	(359)	-
Investment Income	2,096,053	36	-	2,096,089
Interest and Fees Expenses	(105,966)	-	-	(105,966)
Other Nonoperating Expenses	(945,207)	-	200,000	(745,207)
Net Nonoperating Revenues (Expenses)	111,648,221	395	(359)	111,648,257
State Capital Aid	1,406,422	-	-	1,406,422
County Capital Aid	412,455	-	-	412,455
Capital Contributions, Net	269,327	-	-	269,327
Total Other Revenues	2,088,204	-	-	2,088,204
Increase (Decrease) in Net Position	2,506,756	(185,709)	2,598	2,323,645
NET POSITION				
Net Position, July 1, 2023 (as Restated)	257,771,721	1,467,345	-	259,239,066
Net Position, June 30, 2024	$ 260,278,477	$ 1,281,636	$ 2,598	$ 261,562,711

Condensed Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

	College	GTCC Innovative Resources Corp and Subsidiary	Eliminations	Total
Net Cash Provided (Used) by Operating Activities	$ (102,018,293)	$ (265,838)	$ 2,957	$ (102,281,174)
Net Cash Provided (Used) by Noncapital Financing Activities	110,340,570	-	(359)	110,340,211
Net Cash Provided (Used) by Capital Financing and Related Financing Activities	(12,927,342)	-	-	(12,927,342)
Net Cash Provided (Used) by Investing Activities	2,088,024	-	-	2,088,024
Net Increase (Decrease) in Cash and Cash Equivalents	(2,517,041)	(265,838)	2,598	(2,780,281)
Cash and Cash Equivalents, July 1, 2023	56,877,225	1,618,466	-	58,495,691
Cash and Cash Equivalents, June 30, 2024	$ 54,360,184	$ 1,352,628	$ 2,598	$ 55,715,410

Note 18 - Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2024, the College implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

> *GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity, and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for each type of accounting change and error corrections, and requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information.

Note 19 - Net Position Restatements

As of July 1, 2023, net position as previously reported was restated as follows:

	Amount
July 1, 2023 Net Position as Previously Reported	$ 249,812,277
Restatements:	
Corrections of lease and subscription assets	290,828
Corrections of lease and subscription liabilities	(388,457)
Capitalization of group assets, net	9,524,418
July 1, 2023 Net Position as Restated	$ 259,239,066

The audit required 179 audit hours and a cost of $35,372

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	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net Pension Liability	0.21749%	0.21171%	0.22122%	0.22101%	0.22555%
Proportionate Share of TSERS Collective Net Pension Liability	$ 36,259,896	$ 31,422,502	$ 10,358,850	$ 26,702,422	$ 23,382,672
Covered Payroll	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	85.89%	81.15%	27.43%	69.08%	61.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	**2018**	**2017**	**2016**	**2015**
Proportionate Share Percentage of Collective Net Pension Liability	0.23460%	0.25643%	0.21524%	0.26684%	0.26936%
Proportionate Share of TSERS Collective Net Pension Liability	$ 23,356,985	$ 20,346,287	$ 23,091,551	$ 9,833,582	$ 3,158,033
Covered Payroll	$ 37,167,037	$ 38,739,119	$ 36,301,610	$ 37,426,607	$ 37,618,950
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	62.84%	52.52%	63.61%	26.27%	8.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%	89.51%	87.32%	94.64%	98.24%

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

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

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	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 7,783,113	$ 7,337,356	$ 6,366,861	$ 5,581,996	$ 5,013,562
Contributions in Relation to the Contractually Determined Contribution	7,783,113	$ 7,337,356	$ 6,366,861	$ 5,581,996	$ 5,013,562
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 45,006,757	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067
Contributions as a Percentage of Covered Payroll	17.29%	17.38%	16.44%	14.78%	12.97%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 4,662,933	$ 4,006,607	$ 3,866,164	$ 3,321,597	$ 3,424,535
Contributions in Relation to the Contractually Determined Contribution	$ 4,662,933	$ 4,006,607	$ 3,866,164	$ 3,321,597	$ 3,424,535
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 37,940,868	$ 37,167,037	$ 38,739,119	$ 36,301,610	$ 37,426,607
Contributions as a Percentage of Covered Payroll	12.29%	10.78%	9.98%	9.15%	9.15%

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, 2024

Changes of Benefit Terms:

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

Beginning in fiscal year 2015, with the implementation of GASB Statement No. 68, the above table reflects Cost of Living Adjustments (COLA) 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 received a one-time benefit supplement payment equal to 4% of the member’s annual benefit amount, paid in October 2022, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2023. The one-time supplement does not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

Benefit recipients of the TSERS will receive a one-time benefit supplement payment equal to 4% of the member’s annual benefit amount, paid in November 2023, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2024. The one-time supplement does not change the ongoing monthly benefits, and 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 2023 *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 Eight Fiscal Years**

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability	0.18044%	0.17853%	0.18519%	0.18312%	0.19219%
Proportionate Share of Collective Net OPEB Liability	$ 48,083,431	$ 42,394,438	$ 57,252,093	$ 50,798,082	$ 60,806,895
Covered Payroll	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	113.90%	109.49%	151.59%	131.41%	160.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability	0.20493%	0.21158%	0.21879%
Proportionate Share of Collective Net OPEB Liability	$ 58,381,598	$ 69,371,212	$ 95,181,087
Covered Payroll	$ 37,167,037	$ 38,739,119	$ 36,301,610
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	157.08%	179.07%	262.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	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 Eight Fiscal Years**

Disability Income Plan of North Carolina	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.18463%	0.18073%	0.19048%	0.18797%	0.19343%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 49,104.00	$ 53,764.00	$ (31,113.00)	$ (92,470.00)	$ (83,465.00)
Covered Payroll	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067	$ 37,940,868
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.12%	0.14%	0.08%	0.24%	0.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.20295%	0.22208%	0.22068%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (61,648.00)	$ (135,735.00)	$ (137,042.00)
Covered Payroll	$ 37,167,037	$ 38,739,119	$ 36,301,610
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.17%	0.35%	0.38%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.47%	116.23%	116.06%

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

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

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

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 3,168,687	$ 2,908,768	$ 2,421,621	$ 2,522,850	$ 2,500,983
Contributions in Relation to the Contractually Determined Contribution	$ 3,168,687	$ 2,908,768	$ 2,421,621	$ 2,522,850	$ 2,500,983
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 45,006,757	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067
Contributions as a Percentage of Covered Payroll	7.04%	6.89%	6.25%	6.68%	6.47%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 2,378,892	$ 2,248,606	$ 2,250,743	$ 2,302,890	$ 2,054,721
Contributions in Relation to the Contractually Determined Contribution	$ 2,378,892	$ 2,248,606	$ 2,250,743	$ 2,302,890	$ 2,054,721
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 37,940,868	$ 37,167,037	$ 38,739,119	$ 36,301,610	$ 37,426,607
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	6.34%	5.49%

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

Last Ten Fiscal Years

Disability Income Plan of North Carolina	2024	2023	2022	2021	2020
Contractually Required Contribution	$ 48,523	$ 42,217	$ 34,847	$ 33,991	$ 38,655
Contributions in Relation to the Contractually Determined Contribution	$ 48,523	$ 42,217	$ 34,847	$ 33,991	$ 38,655
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 45,006,757	$ 42,217,235	$ 38,721,084	$ 37,767,223	$ 38,655,067
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 53,117	$ 52,034	$ 147,209	$ 148,837	$ 153,449
Contributions in Relation to the Contractually Determined Contribution	$ 53,117	$ 52,034	$ 147,209	$ 148,837	$ 153,449
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 37,940,868	$ 37,167,037	$ 38,739,119	$ 36,301,610	$ 37,426,607
Contributions as a Percentage of Covered Payroll	0.14%	0.14%	0.38%	0.41%	0.41%

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

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

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

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

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

The Notes to Required Supplementary Information reflect information included in the State of North Carolina’s 2023 *Annual Comprehensive Financial*

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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 19, 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
December 19, 2024