AB Tech Community College

FINANCIAL STATEMENT REPORT FOR THE YEAR ENDED JUNE 30, 2024

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE
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SHARPE PATEL CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Asheville-Buncombe Technical Community College
Asheville, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Asheville-Buncombe Technical Community College (the "College"), a component unit of the State of North Carolina, and the discretely presented component unit, Asheville-Buncombe Technical Community College Foundation, Inc. (the "Foundation") 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 Asheville-Buncombe 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 Asheville-Buncombe 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 Asheville-Buncombe 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.

CHARLOTTE
RALEIGH
WILMINGTON

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 Asheville-Buncombe 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 Asheville-Buncombe 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.

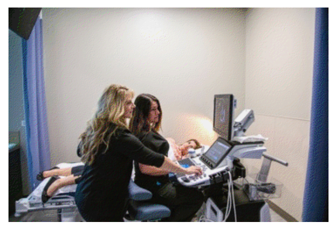
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2025, on our consideration of the Asheville-Buncombe 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 Asheville-Buncombe 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 Asheville-Buncombe Technical Community College's internal control over financial reporting and compliance.

Sharpe Patel PLLC

Raleigh, North Carolina
April 17, 2025

AB Tech Community College



MISSION

Dedicated to the success of students and communities, Asheville-Buncombe Technical Community College provides meaningful teaching and learning in a curriculum, continuing education, and workforce developmeny environment committed to Respect, Integrity, Support, and Equity (RISE). We welcome everyone to join us.

Foundational Focus Areas:

- Equity
- Learner Focused
- Removing Barriers
- Financial Wellness

Management Discussion and Analysis

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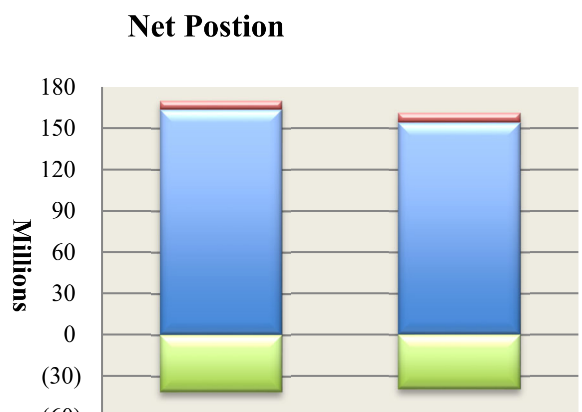
Management Discussion and Analysis

Our discussion and analysis of Asheville-Buncombe Technical Community College's (the "College") financial performance provide an overview of the College's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the financial statements and the notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS

The College's net position, which consists of net investment in capital assets, restricted net position, and unrestricted net position, increased slightly by 5.86% from $121,311,778 on June 30, 2023, to $128,417,520 on June 30, 2024. The significant deficit in unrestricted net position of ($41,580,955) is due to the recognition of deferred outflows of resources and deferred inflows of resources for the College's proportional share of expenses and liabilities associated with the net pension liability and net other postemployment benefits ("OPEB") liability. The following chart shows the comparison by category for the fiscal years ending June 30, 2024, and June 30, 2023.

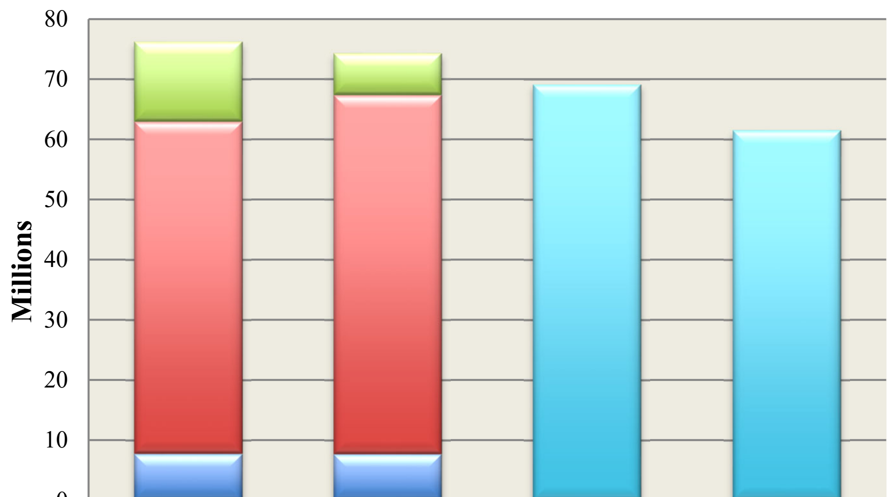


	2024	2023
Unrestricted Assets	(41,580,955)	(39,714,768)
Restricted Assets	6,261,926	7,011,741
Net Investment in Capital Assets	163,736,549	154,014,805
Net Position	128,417,520	121,311,778

The College's total revenues increased by $1,979,831 to $76,220,689 on June 30, 2024 from $74,240,858 on June 30, 2023. This increase is primarily due to a $6,376,594 increase in Capital Revenues from the State Capital Infrastructure Fund ("SCIF"), the Growing Rural Economies with Access to Technology ("GREAT") Grant for Rural College Broadband Access, and County Quarter Cent Sales Tax capital project revenue. The increase is offset by a $4,425,914 decrease in Nonoperating revenues associated with Noncapital grants which includes Project Counterbalance and SFRF Budget Stabilization revenues.

Expenses totaling $69,114,947 represent a 12.44% increase compared to the previous fiscal year. This change is attributed to the increase in expenses associated with Pension and Other Post-Employment Benefits.

Total Revenues and Expenses



	2024	2023	2024	2023
	Total Revenues		Total Operating Expenses	
Total Expenses			69,114,947	61,466,580
Capital Revenues	13,305,189	6,928,595		
Nonoperating Revenues	55,240,810	59,666,724		
Operating Revenues	7,674,690	7,645,539		
Total Revenues	76,220,689	74,240,858		

USING THE FINANCIAL STATEMENTS

The College's financial statements have been prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 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 – Management's Discussion and Analysis – for Public Colleges and Universities,* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Accordingly, the College's financial statements are comprised of the following four components:

> Statement of Net Position: This statement includes all assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position. The College's net position is an indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the age and condition of its buildings. (Exhibit A-1)
>
> Statement of Revenues, Expenses, and Changes in Net Position: This statement presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. This approach is intended to summarize and simplify the presentation of the College's services to the students and public. (Exhibit A-2)
>
> Statement of Cash Flows: This statement presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing and investing activities, and helps measure the ability of the College to meet financial obligations as they mature. (Exhibit A-3)
>
> Notes to the Financial Statements: The notes provide additional information that is essential for a complete understanding of the data provided in the statements.

The statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The full scope of the College is considered to be a business-type activity and is reported in a single column in the statements.

OVERVIEW OF FINANCIAL STATEMENTS

Statement of Net Position

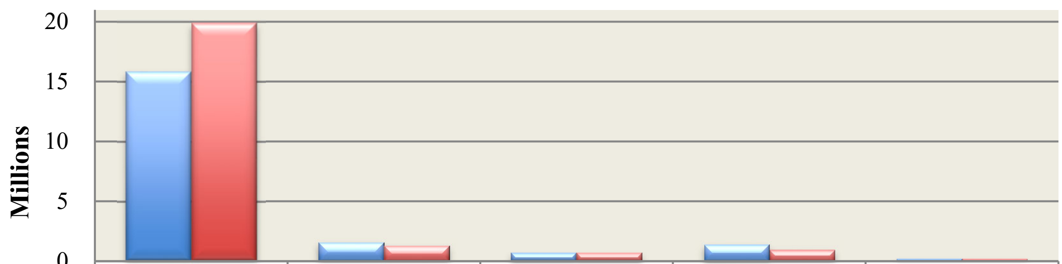
Below is a condensed comparative analysis between the Statement of Net Position (Exhibit A-1) contained herein for the fiscal years ended June 30, 2024 and 2023, followed by a discussion on the changes in assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position.

Condensed Statements of Net Position
For the Year Ended June 30, 2024
With Comparative Data for the Year Ended June 30, 2023

			Change	
	2024	2023	Amount	Percent
Assets				
Current	$ 19,753,014	$ 23,110,732	$ (3,357,718)	(14.53%)
Capital Assets, Net	164,084,081	154,470,387	9,613,694	6.22%
Other Noncurrent Assets	130,141	303,440	(173,299)	(57.11%)
Total Assets	183,967,236	177,884,559	6,082,677	3.42%
Deferred Outflows of Resources	21,963,878	19,794,228	2,169,650	10.96%
Liabilities				
Current	3,824,824	3,414,131	410,693	12.03%
Noncurrent	62,531,451	55,761,966	6,769,485	12.14%
Total Liabilities	66,356,275	59,176,097	7,180,178	12.13%
Deferred Inflows of Resources	11,157,319	17,190,912	(6,033,593)	(35.10%)
Net Position				
Net Invested in Capital Assets	163,736,549	154,014,805	9,721,744	6.31%
Restricted	6,261,926	7,011,741	(749,815)	(10.69%)
Unrestricted	(41,580,955)	(39,714,768)	(1,866,187)	4.70%
TOTAL NET POSITION	**$ 128,417,520**	**$ 121,311,778**	**$ 7,105,742**	**5.86%**

Assets and Deferred Outflows of Resources

Change in Current Assets



	Cash and Cash Equivalents	Receivables, Net	Inventories	Prepaid Items	Lease Receivables, Net
2024	15,841,342	1,587,906	696,715	1,408,099	218,952
2023	19,904,465	1,320,222	705,566	946,979	233,500
Change	(4,063,123)	267,684	(8,851)	461,120	(14,548)

Current assets decreased by $3,357,718 or 14.53% due to the combination of the following changes:

- Cash and cash equivalents decreased by $4,063,123 from the previous year. The decrease is primarily due to cash outflows for operating costs from lost revenue earned in a prior year from Higher Education Emergency Relief Funds ("HEERF") as well as for grant expenses associated with Project Counterbalance grant funds received in FY2023.
- Net receivables increased by $267,684 because of increases in outstanding student and sponsor receivables.
- Inventory decreased by $8,851 year over year primarily associated with the bookstore inventory and the reduced adoption of textbooks for courses and a transition to online open-source materials.
- Prepaid items increased by $461,120 compared to the previous year. This increase is associated with timing of payment for software renewals and insurance premiums that were not prepaid in the prior year.

Net capital assets increased by 6.22% or $9,613,694 year over year associated with Construction in Progress. During the fiscal year, the College used County Quarter Cent Sales Tax Revenue to purchase property at 111 Victoria Road, replaced roofs at the TCC Building, demolished a vacant building on the Enka campus, initiated development of a new Master Facilities Plan, and continued ongoing Capital Plan Maintenance projects. Other ongoing projects include the Door Access Control Upgrades, Stormwater Control Management Plan, and Electrical Upgrades in Dogwood and Advanced Manufacturing.

Aged and fully depreciated equipment was disposed. The composition of capital assets and changes thereof are detailed in Note 5.

Other noncurrent assets reflect a decrease of $173,299. This change is attributable to the continued amortization of lease agreements as they approach the end of the lease term.

Deferred outflows of resources are related to the reporting of net pension liability and net OPEB liability, which represent the College's contribution after the measurement date that will be recognized as a reduction of the net pension and OPEB liabilities in the fiscal year ended June 30, 2024. As a result, the College recorded $15,138,318 in deferred outflows of resources related to pensions and $6,825,560 in deferred outflows of resources related to OPEB based on the calculation by the Office of State Controller. Please see the Schedule of Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions in Note 12 and the Schedule of Employer Balances of Deferred Outflows of Resources Related to OPEB in Note 13 for details.

Liabilities and Deferred Inflows of Resources

Current liabilities increased $410,693 from the previous year primarily related to the increase in accounts payable, contracts payable, compensated absences and deferred revenue. Noncurrent liabilities increased $6,769,485 year over year largely attributed to changes in the net pension and OPEB liabilities and the long-term portion of compensated absences. Refer to Note 7 for a summary of changes in the long-term liabilities for the fiscal year ended June 30, 2024. Deferred inflows of resources decreased $6,033,593. This decrease is primarily due to recognition of deferred inflows of resources related to leases, changes of actuarial assumptions for the Retiree Health Benefit Fund and the difference between projected and actual earnings on pension plan investments. Please refer to Note 13 for details.

Net Position

Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Overall net position increased by $7,105,742.

- Net investment in capital assets represents the College's total capital assets less accumulative depreciation and related debt. Net investment in capital assets increased overall by $9,721,744 due to construction in progress associated with the County Quarter Cent Sales Tax projects and current year equipment additions.
- Restricted net position decreased by $749,815 attributed to the expenditure of grant funds received in FY 2023.
- Unrestricted net position has decreased 4.7% by $1,866,187 primarily due to the expenditure of cash received in FY 2023 from HEERF used for operating costs.

Statement of Revenues, Expenses, and Change in Net Position

Below is a condensed comparative analysis of the June 30, 2024 Statement of Revenues, Expenses, and Changes in Net Position (Exhibit A-2) contained herein and the year ended June 30, 2023, followed by discussion on changes in revenues and expenses.

Statements of Revenues and Expenses and Changes in Net Position
For the Year Ended June 30, 2024 with Comparative Data for the Year Ended June 30, 2023

			Change	
	2024	**2023**	**Amount**	**Percent**
Operating Revenues				
Student Tuition & Fees	$ 5,898,794	$ 5,883,894	$ 14,900	0.25%
Sales and Services	1,429,552	1,369,051	60,501	4.42%
Lease Income	339,120	387,046	(47,926)	100.00%
Other Revenues	7,224	5,548	1,676	30.21%
Total Operating Revenues	7,674,690	7,645,539	29,151	0.38%
Operating Expenses				
Salaries and Benefits	45,415,081	38,511,049	6,904,032	17.93%
Supplies & Materials	4,923,649	5,201,100	(277,451)	(5.33%)
Services	8,118,866	7,678,812	440,054	5.73%
Scholarships	4,770,311	4,197,843	572,468	13.64%
Utilities	1,486,187	1,597,044	(110,857)	(6.94%)
Depreciation Amortization	4,400,853	4,280,732	120,121	2.81%
Total Operating Expenses	69,114,947	61,466,580	7,648,367	12.44%
Nonoperating Revenues/(Expenses)				
Government Appropriations	41,927,472	41,744,006	183,466	0.44%
Grants & Gifts	12,525,444	17,552,955	(5,027,511)	(28.64%)
Investment Income	795,805	406,140	389,665	95.94%
Lease Interest	34,757	51,589	(16,832)	100.00%
Other Nonoperating (Expenses)	(42,668)	(87,966)	45,298	(51.49%)
Total Nonoperating Revenues, Net	55,240,810	59,666,724	(4,425,914)	(7.42%)
Capital Contributions				
Government Appropriations	2,560,720	393,687	2,167,033	550.45%
Grants & Gifts	10,744,469	6,534,908	4,209,561	64.42%
Total Capital Contributions	13,305,189	6,928,595	6,376,594	92.03%
INCREASE IN NET POSITION	**$ 7,105,742**	**$ 12,774,278**	**$ (5,668,536)**	**(44.37%)**

Operating Revenues

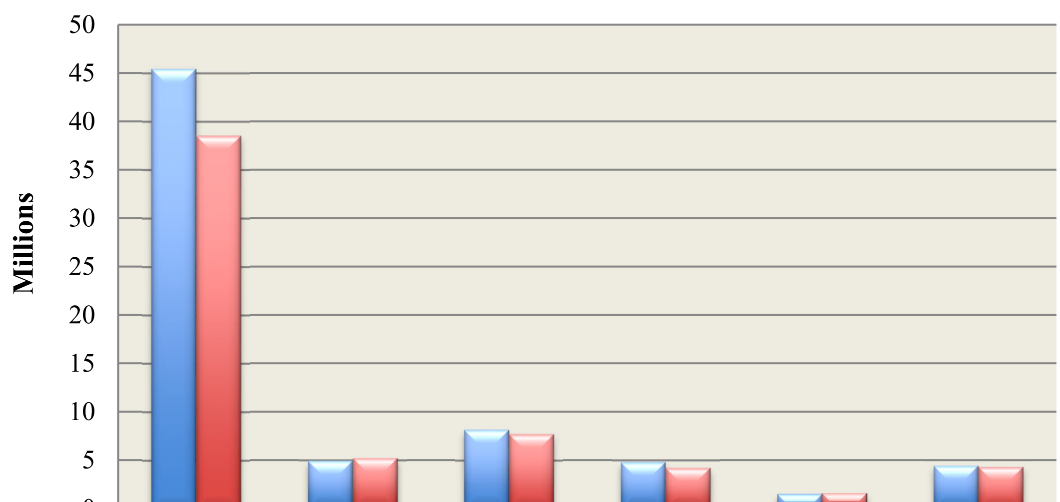
Operating revenues are derived from activities that are necessary and essential to the mission of the College. The College's overall operating revenues increased by $29,151 year over year.

Operating Expenses

Operating expenses are necessary and essential to the mission of the College; these include all expenses apart from expenses related to investing, capital and related financing, and noncapital activities. Depreciation is recognized as an operating expense in accordance with Generally Accepted Accounting Principles.

Operating expenses for FY24 increased by $7,648,367 overall to $69,114,947. The decrease can be attributed to an increase in salaries and benefits totaling $6,904,032 because of Pension and Other Post-Employment Benefits expenses. Scholarships also increased significantly by 13.64% primarily due to a significant increase in Pell Grant and Next NC Awards.

Change in Expenses



	Salaries and Benefits	Supplies & Materials	Services	Scholarships	Utilities	Depreciation
2024	45,415,081	4,923,649	8,118,866	4,770,311	1,486,187	4,400,853
2023	38,511,049	5,201,100	7,678,812	4,197,843	1,597,044	4,280,732
Change in Amount	6,904,032	(277,451)	440,054	572,468	(110,857)	120,121
Change in Percentage	17.93%	-5.33%	5.73%	13.64%	-6.94%	2.81%

Nonoperating Revenues

Nonoperating revenues include activities that have non-exchange characteristics; that is, the College received revenue without providing a good or service.

Total net nonoperating revenue decreased by $4,425,914. Impacts on nonoperating revenue can be attributed to federal and state aid received because of COVID-19 as well as other grant-funded initiatives associated with Dogwood Health Trust and The Appalachian Regional Commission.

Capital Contributions

Capital contributions consist of state and county appropriations as well as grants and gifts for equipment, construction, building improvements, and infrastructure.

Capital revenue increased significantly by $6,376,594. The College recorded government appropriations of $2,560,720 which was a 550.45% increase from the prior year consisting of State Capital Infrastructure Fund ("SCIF") project revenues. Capital grants and gifts also increased by 64.42% primarily due to Quarter Cent Sales Tax Projects recognized as capital gifts from Buncombe County.

Supplemental Public Finance Narrative

The College is accredited by the Southern Association of Colleges and Schools Commission on Colleges (“SACSCOC”), the regional body for the accreditation of degree-granting higher education institutions in the Southern states. On behalf of the SACSCOC, peer evaluators periodically review the College’s financial statement to assess its financial viability. The evaluators find it helpful if the College reports its Unrestricted Net Position in a way that adjusts for the impact of factors beyond its immediate control on an accrual basis.

Specifically, in 2024, the College’s total Net Position, an indication of overall worth, rose from $121.3 million FY 2023 to $128.4 million FY 2024. The Unrestricted Net Position decreased from ($39.7) million to ($41.5) million. SACSCOC finance evaluators are currently adjusting Unrestricted Net Position for the following items, generally being treated as "pay-as-you-go" rather than on a full accrual basis. These obligations may result in a deficit in the Unrestricted Net Position and make determination of operational resources difficult. When adjusted for Compensated Absences, OPEB and Pension obligations, the College’s Unrestricted Net Assets exclusive of Plant and Plant-related debt appears positive at approximately $174.4 million FY 2023 and $180.1 million FY 2024. Likewise, when adjusted accordingly, Unrestricted Net Position also appears positive at $13.4 million FY 2023 and $10.1 million FY 2024.

The adjusted Current Ratio of the institution decreased from 8.50 FY 2023 to 6.00 FY 2024. The institution appears to possess an adequate, stable resource base to support its mission and programs.

Operational Outcomes (operating and non-operating) less non-recurring, non-cash expenses decreased in FY 2024 (except for depreciation), from producing a surplus of $3.8 million FY 2023 to a deficit of $3.2 million FY 2024, primarily due to expending grant revenues received in the prior year.

Cash flows related to operations (operational and non-capital) decreased from $2.9 million in FY 2023 to ($4.3) million in FY 2024.

Tuition revenues, net remained relatively flat from FY 2023 and FY 2024.

Enrollment experienced a decline from 5,857 Budget FTE for 2023 to 5,743 Budget FTE for 2024.

The institution appears to be operating within available revenues and cash flows, likely with proper fiscal controls.

Public Finance Schedule

For the Year Ended June 30, 2024 with Comparative Data for the Years Ended June 30, 2022 and June 30, 2023

	2022	2023	2024
Net Investment in Capital Assets	$ 149,453,095	$ 154,014,805	$ 163,736,549
Restricted, Expendable	7,096,995	7,009,491	6,261,926
Restricted, Not expendable	2,250	2,250	-
Unrestricted	(48,014,840)	(39,714,768)	(41,580,955)
TOTAL NET POSITION, from Statement of Net Position	**$ 108,537,500**	**$ 121,311,778**	**$ 128,417,520**
Add back Compensated Absences-current	$ 725,477	$ 695,319	$ 530,036
Add back Compensated Absences-noncurrent	3,076,814	3,208,772	3,316,379
Less Asset - OPEB	(21,772)	-	-
Add back OPEB liability - noncurrent portion	39,889,314	30,227,819	33,923,740
Less Deferred Outflows of Resources - OPEB	(6,831,727)	(5,905,621)	(6,825,560)
Add Deferred Inflows of Resources - OPEB	13,611,531	16,153,597	10,614,233
Add back Liability-Pension GASB 68	7,081,966	22,098,608	25,081,331
Less Deferred Outflows of Resources - Pension	(7,416,068)	(13,888,607)	(15,138,318)
Add Deferred Inflows of Resources - Pension	9,315,879	581,078	262,495
TOTAL NET POSITION, adjusted for CA, OPEB & Pensions	**$ 167,968,914**	**$ 174,482,743**	**$ 180,181,856**
UNRESTRICTED NET POSITION	$ (48,014,840)	$ (39,714,768)	$ (41,580,955)
Add back Compensated Absences-current	725,477	695,319	530,036
Add back Compensated Absences-noncurrent	3,076,814	3,208,772	3,316,379
Less Asset - OPEB	(21,772)	-	-
Add back Liability - OPEB	39,889,314	30,227,819	33,923,740
Less Deferred Outflows of Resources - OPEB	(6,831,727)	(5,905,621)	(6,825,560)
Add Deferred Inflows of Resources - OPEB	13,611,531	16,153,597	10,614,233
Add back Liability - Pension	7,081,966	22,098,608	25,081,331
Less Deferred Outflows of Resources - Pension	(7,416,068)	(13,888,607)	(15,138,318)
Add Deferred Inflows of Resources - Pension	9,315,879	581,078	262,495
UNRESTRICTED NET POSITION, adj. for CA, OPEB & Pensions	**$ 11,416,574**	**$ 13,456,197**	**$ 10,183,381**
Net effect of compensated absences (current & noncurrent)	$ 3,802,291	$ 3,904,091	$ 3,846,415
Change in net effect of compensated absences		*101,800*	*(57,676)*
Net effect of OPEB entries	$ 46,647,346	$ 40,475,795	$ 37,712,413
Change in net effect of OPEB entries		*(6,171,551)*	*(2,763,382)*
Net effect of Pension entries	$ 8,981,777	$ 8,791,079	$ 10,205,508
Change in net effect of Pension entries		*(190,698)*	*1,414,429*
CURRENT RATIO			
Current Assets	$ 19,925,406	$ 23,110,732	$ 19,753,014
Current Liabilities	3,051,085	3,414,131	3,824,824
Less Current Compensated Absence liability	725,477	695,319	530,036
CURRENT RATIO, adjusted	**8.57**	**8.50**	**6.00**

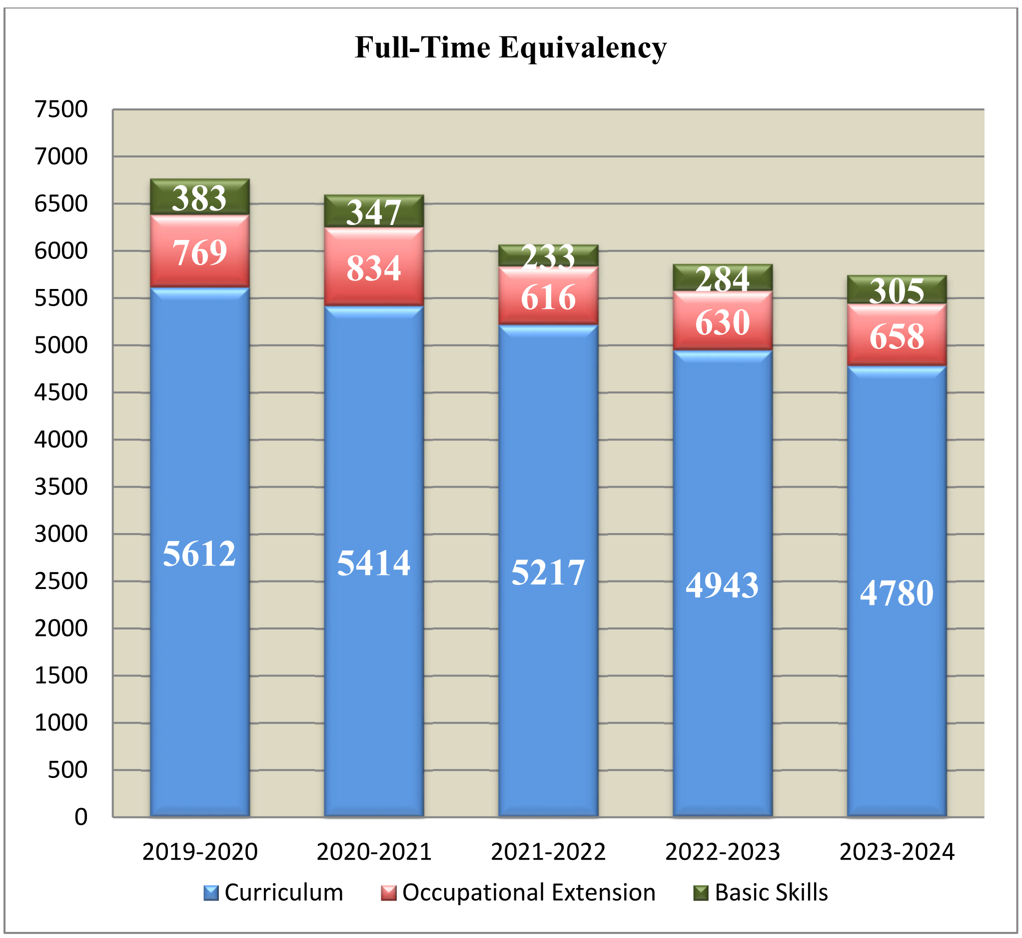
(Current Assets/(Current Liablities less current CA)

		2022		2023		2024
OPERATIONAL OUTCOMES						
Total Operating Revenues	$	6,058,748	$	7,645,539	$	7,674,690
Add Total Non-operating Revenues		63,899,862		59,666,724		55,240,810
Less Operating Expenses		(65,811,953)		(61,466,580)		(69,114,947)
INCOME BEFORE OTHER REVENUES/EXP, GAINS/LOSS	**$**	**4,146,657**	**$**	**5,845,683**	**$**	**(6,199,447)**
Adjustment for change in net effect of Compensated Absences	$	(225,555)	$	101,800	$	(57,676)
Adjustment for change in net effect of OPEB entries		(3,818,295)		(6,171,551)		(2,763,382)
Adjustment for change in net effect of Pensions entries		(2,330,310)		(190,698)		1,414,429
Adjustment for Depreciation Expense		4,088,332		4,280,732		4,400,853
Operational Outcomes less non-recurring, non-cash expenses	**$**	**1,860,829**	**$**	**3,865,966**	**$**	**(3,205,223)**
Cash flows from operations	$	(61,584,302)	$	(55,943,111)	$	(58,700,847)
Noncapital cash flows		64,188,071		58,865,579		54,326,531
Cash flows related to operations	**$**	**2,603,769**	**$**	**2,922,468**	**$**	**(4,374,316)**
Cash and Equivalents	$	17,320,132	$	19,985,167	$	15,909,844
Accounts Payable	$	1,678,320	$	1,988,555	$	2,525,188
State Capital Appropriations	$	1,246,778	$	1,341,687	$	2,477,888
Capital Grants		5,079,704		485,694		1,176,268
Other Capital Grants		-		-		-
Acquisition and Construction of Capital Assets		(1,913,789)		(2,566,428)		(4,295,938)
Construction in Progress	$	10,971,484	$	16,834,626	$	27,574,719
Tuition, gross	$	9,733,387	$	10,218,399	$	9,645,234
Less Scholarship Allowances		(5,584,826)		(4,197,862)		(3,622,662)
Tuition, net	**$**	**4,148,561**	**$**	**6,020,537**	**$**	**6,022,572**
Budget FTE		6,066		5,857		5,743

THE COLLEGE'S FINANCIAL OUTLOOK

The ability of the College to fulfill its mission and execute its strategic plan is directly influenced by state, federal, and county support. Enrollment levels and financial aid available to students are also key variables. These issues affect budget planning processes each year.

State support is the College's primary funding source. To ensure the fiscal stability of community colleges, State support is based on the higher of total budgetary full-time equivalency ("FTE") enrollment of the year preceding the budget year or the average of the two preceding years' FTE. The chart below illustrates the College's budget FTE for the past five years.



As the graph above shows, downward enrollment trends have resulted in a negative impact on the College budget FTE. Many higher education institutions have experienced declined enrollment, and predictions suggest this trend will continue. The College must be strategic in its program offerings and course delivery methods to recruit and retain new students. The College has been fortunate to receive Federal Higher Education Emergency Relief Funding to offset the loss of revenue experienced during the pandemic and has been able to use this funding to supplement the declining State budget in FY24 and FY25. The College has been awarded and continues to apply for multi-year grant funding to support initiatives aligned with strategic goals to improve student support resulting in increased enrollment, retention, and student success. The College also continues to review existing programs for continuing viability and new program proposals on a regular basis.

Appropriations from Buncombe and Madison Counties are primarily for plant operations, maintenance, and capital asset repairs and renovations. For the budget year 2024-25, Buncombe County's appropriation increased by $585,701 and Madison County's appropriation remained at the same level as previous years.

The College is also seeking alternative revenue sources and other options that allow the College to generate non-state, non-county revenues. Examples of options implemented include expanding the rental of facilities to third parties and the use of student fees that assist in covering the expenses related to the provision of student activities, instructional technology, and college access, parking, and security services.

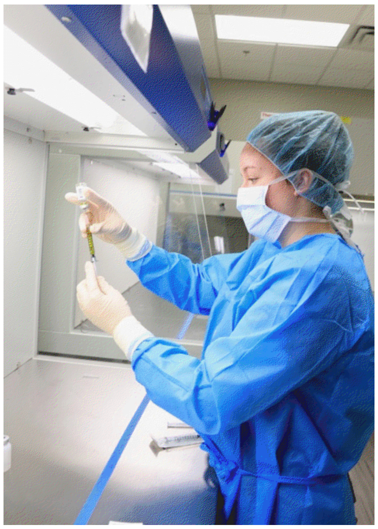
The Management of Asheville-Buncombe Technical Community College is confident in its financial stability and ability to engage citizens of Buncombe and Madison counties and beyond in higher education. The College is dedicated in its efforts toward program assessment; cost containment; continuous improvement; expansion of curriculum, occupational training, and continuing education; and increased distance learning opportunities. These efforts are geared toward assessing the College's performance related to goals and freeing up resources to support change. The College's ongoing strategic planning initiative and efforts to identify resource reallocation opportunities have expanded to new activities that enhance revenues and control expenses over the short and long term. As a result, Asheville-Buncombe Technical Community College remains financially sound.

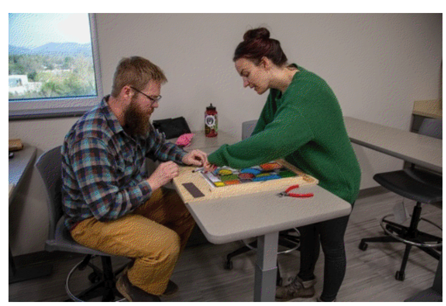
REQUEST FOR INFORMATION

This report is designed to provide a summary overview of the College's finances. Questions or requests for additional information should be addressed to:

Asheville-Buncombe Technical Community College
340 Victoria Road
Asheville, North Carolina 28801
(828) 398-7111

ABTech Community College





VISION

- Changing Lives
- Strengthening Communities

FINANCIAL STATEMENTS

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ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 9,428,856
Restricted Cash and Cash Equivalents	6,412,486
Receivables, Net (Note 4)	1,587,906
Inventories	696,715
Prepaid Items	1,408,099
Leases Receivable, Net (Note 4)	218,952
Total Current Assets	19,753,014
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	68,502
Leases Receivable, Net (Note 4)	61,639
Capital Assets - Nondepreciable (Note 5)	33,532,932
Capital Assets - Depreciable, Net (Note 5)	130,551,149
Total Noncurrent Assets	164,214,222
Total Assets	183,967,236
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	15,138,318
Deferred Outflows Related to Other Postemployment Benefits (Note 13)	6,825,560
Total Deferred Outflows of Resources	21,963,878
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 6)	2,525,188
Unearned Revenue	609,906
Funds Held for Others	23,328
Long-Term Liabilities - Current Portion (Note 7)	666,402
Total Current Liabilities	3,824,824
Noncurrent Liabilities:	
Long-Term Liabilities (Note 7)	62,531,451
Total Noncurrent Liabilities	62,531,451
Total Liabilities	66,356,275
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows for Irrevocable Split-Interest Agreements	-
Deferred Inflows Related to Pensions	262,495
Deferred Inflows Related to Other Postemployment Benefits (Note 13)	10,614,233
Deferred Inflows for Leases	280,591
Total Deferred Inflows of Resources	11,157,319

NET POSITION	
Net Investment in Capital Assets	$ 163,736,549
Restricted:	
Nonexpendable:	
Student Financial Aid	-
Other	-
Total Restricted-Nonexpendable Net Position	-
Expendable:	
Student Financial Aid	5,808
Restricted for Specific Programs	-
Capital Projects	5,439,571
Other	816,547
Total Restricted-Expendable Net Position	6,261,926
Unrestricted	(41,580,955)
Total Net Position	$ 128,417,520

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

Asheville-Buncombe 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)	$ 5,898,794
Sales and Services, Net (Note 10)	1,429,552
Rental and Lease Earnings	339,120
Other Operating Revenues	7,224
Total Operating Revenues	7,674,690
OPERATING EXPENSES	
Salaries and Benefits	45,415,081
Supplies and Services	13,042,515
Scholarships and Fellowships	4,770,311
Utilities	1,486,187
Depreciation/Amortization	4,400,853
Total Operating Expenses (Note 11)	69,114,947
Operating Loss	(61,440,257)
NONOPERATING REVENUES (EXPENSES)	
State Aid	33,781,251
County Appropriations	8,146,221
Student Financial Aid	7,182,884
Noncapital Contributions, Net (Note 10)	5,342,560
Investment Income	795,805
Interest and Fees on Debt	29,291
Interest Earned on Leases	34,757
Other Nonoperating Revenues (Expenses)	(71,959)
Net Nonoperating Revenues	55,240,810
Income (Loss) Before Other Revenues	(6,199,447)
State Capital Aid	2,477,888
County Capital Aid	82,832
Capital Contributions, Net (Note 10)	10,744,469
Total Other Revenues	13,305,189
Increase (Decrease) in Net Position	7,105,742
NET POSITION	
Net Position - July 1, 2023	121,311,778
Net Position - June 30, 2024	$ 128,417,520

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

Asheville-Buncombe Technical Community College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES *	
Received from Customers	$ 7,385,161
Payments to Employees and Fringe Benefits	(46,724,978)
Payments to Vendors and Suppliers	(14,539,328)
Payments for Scholarships and Fellowships	(4,770,311)
Other Receipts (Payments)	(51,391)
Net Cash Provided (Used) by Operating Activities	(58,700,847)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid	33,781,251
County Appropriations	8,146,221
Student Financial Aid	7,182,884
Noncapital Contributions	5,216,175
Net Cash Provided (Used) by Noncapital Financing Activities	54,326,531
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
State Capital Aid	2,477,888
County Capital Aid	82,832
Capital Contributions	1,176,268
Proceeds from Lease Arrangements	282,639
Acquisition and Construction of Capital Assets	(4,295,938)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(249,792)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	29,291
Net Cash Provided (Used) by Capital Financing and Related Financing Activities	(496,812)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	795,805
Net Cash Provided (Used) by Investing Activities	795,805
Net Increase (Decrease) in Cash and Cash Equivalents	(4,075,323)
Cash and Cash Equivalents - July 1, 2023	19,985,167
Cash and Cash Equivalents - June 30, 2024	$ 15,909,844

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$ (61,440,257)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	4,400,853
Allowances, Write-Offs, and Amortizations	(247,882)
Other Nonoperating Income (Expenses)	(31,202)
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(181,416)
Inventories	8,851
Notes Receivable, Net	(461,120)
Deferred Outflows Related to Pensions	(1,249,711)
Deferred Outflows Related to Other Postemployment Benefits	(919,939)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	482,638
Unearned Revenue	150,986
Funds Held for Others	(20,189)
Net Pension Liability	2,982,723
Net Other Postemployment Benefits Liability	3,740,441
Compensated Absences	(57,676)
Deferred Inflows Related to Pensions	(318,583)
Deferred Inflows Related to Other Postemployment Benefits	(5,539,364)
Net Cash Used by Operating Activities	$ (58,700,847)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$ 417,342
Assets Acquired through a Gift	9,568,201
Loss on Disposal of Capital Assets	(40,757)
Increase in Receivables Related to Nonoperating/Other Revenues	158,503
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(44,520)

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 915,474	$ 2,333,670	$ 3,249,144
Contributions Receivable	8,144	318,897	327,041
Other Current Assets	31,057	-	31,057
Total Current Assets	$ 954,675	$ 2,652,567	$ 3,607,242
Noncurrent Assets:			
Foundation Endowment Investments	$ 1,280,514	$ 8,024,101	$ 9,304,615
Long-Term Contributions Receivable (Net)	-	2,216,042	2,216,042
Charitable Remainder Trusts Receivable (Net)	-	1,780,922	1,780,922
Total Noncurrent Assets	$ 1,280,514	$ 12,021,065	$ 13,301,579
Total Assets	$ 2,235,189	$ 14,673,632	$ 16,908,821
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 9,717	$ 4,700	$ 14,417
Total Liabilities	9,717	4,700	14,417
NET ASSETS			
Without Donor Restrictions	2,277,365	-	2,277,365
With Donor Restrictions	-	14,617,039	14,617,039
Total Net Assets	2,277,365	14,617,039	16,894,404
Total Liabilities and Net Assets	$ 2,287,082	$ 14,621,739	$ 16,908,821

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

Asheville-Buncombe Technical Community College Foundation
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	$ 150,520	$ 696,558	$ 847,078
Grant Revenue	-	932,435	932,435
Investment Return (Net)	210,096	641,225	851,321
Change in Value Charitable Reminder Trust	-	-	-
Special Events Revenue	144,793	10,259	155,052
In-Kind Contributions	-	-	-
Other Revenue	1,238	15,092	16,330
Net Assets Released from Restrictions	1,453,745	(1,453,745)	-
Total Support and Revenue	$ 1,960,392	$ 841,824	$ 2,802,216
EXPENSES AND LOSSES			
Expenses:			
Program	$ 1,771,320	$ -	$ 1,771,320
Management and General	87,767	-	87,767
Fundraising	19,945	-	19,945
Total Expenses	$ 1,879,032	$ -	$ 1,879,032
Change in Net Assets	$ 81,360	$ 841,824	$ 923,184
NET ASSETS			
Net Assets at Beginning of Year	$ 2,196,005	$ 13,775,215	$ 15,971,220
Net Assets at End of Year	$ 2,277,365	$ 14,617,039	$ 16,894,404

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

Notes to Financial Statements

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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. Asheville-Buncombe Technical Community College (the "College") is a component unit of the State of North Carolina State and an integral part of the State's *Annual Comprehensive Financial Report*.

The accompanying financial statements present all funds of the College and its component unit for which the College's Board of Trustees is financially accountable. The College's component unit is discretely presented in the College's financial statements. Financial statements for the College and its discretely presented component unit are presented as of and for the fiscal year ended June 30, 2024.

Discretely Presented Component Unit – Asheville-Buncombe Technical Community College Foundation, Inc. (the "Foundation") is a legally separate, nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the College.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of 30 selected members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

The Foundation is a private nonprofit organization that reports its financial results under the Financial Accounting Standards Board (FASB) Codification. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2024, the Foundation distributed $1,125,888 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Business Services Offices at (828) 398-7111.

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

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

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

D. **Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty. The College's equity position in the STIF is recorded at fair value. Additional information regarding the fair value measurement of deposits held by the State Treasurer in the STIF is disclosed in Note 2.

E. **Foundation Endowment –** Investments generally are reported at fair value, as determined by quoted market prices or estimate amounts determined by management if quoted market prices are not available. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

Endowment investments include the principal amount of gifts and bequests that, according to donor restrictions, must be held in perpetuity or for a specified period of time, along with any accumulated investment earnings on such amounts. Further, endowment investments also include amounts internally designated by the College for investment in an endowment capacity (i.e., quasi-endowments), along with accumulated investment earnings on such amounts.

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

G. **Inventories** - Inventories, consisting of expendable supplies, are valued at cost using the last invoice cost method. Merchandise for resale is valued using the average cost method.

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

The College capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for internally generated computer software which is capitalized when the value or cost is $1,000,000 or greater and other intangible assets which are capitalized when the value or cost is $100,000 or greater. 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 based on materiality and the 80/20 principle, as recommended by the Office of the State Controller in accordance with GASB Implementation Guide 2021-1. Using this principle, management asserts that the thresholds established will provide 80% of the total value of capital acquired based on 20% of individual capital assets acquired. Based on this rule, and the lookback period of four years, it was determined that no grouped assets needed to be booked as of June 30, 2024. The College will continue to use this method and evaluate our threshold annually.

Depreciation and amortization are 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
Art, Literature, and Artifacts	2-25 years
General Infrastructure	10-75 years
Computer Software	2-30 years
Other Intangible Assets	2-100 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 $5,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of $100,000 or greater and an estimated useful life of more than one year.

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

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

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. Long-term debt includes notes from direct borrowings and anticipation notes. Other long-term liabilities include: annuities payable, pollution remediation payable, asset retirement obligations, 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. 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 January 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 December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 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.

Restricted Net Position - Nonexpendable - Nonexpendable restricted net position includes endowments and similar type assets whose use is limited by donors or other outside sources, and, as a condition of the gift, the principal is to be maintained in perpetuity.

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 and state aid 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 Bookstore, Printing and Motor Pool. 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 by the College.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. **College -** The College is required by North Carolina General Statute 14777 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 $5,975, and deposits in private financial institutions with a carrying value of $(991,593) and a bank balance of $472,476.

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 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 $16,895,461 which represents the College's equity position in the State Treasurer's ShortTerm 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.

B. Component Unit - Investments of the College's discretely presented component unit, the Foundation, are subject to and restricted by G.S. 36E Uniform Prudent Management of Institutional Funds Act (UPMIFA) and any requirements placed on them by contract or donor agreements. The Foundation has established an account with the Community Foundation of Western North Carolina, Inc. (CFWNC), for its endowment funds. It allows the distribution of an annual spendable amount from investment income as provided for in the CFWNC's investment and distribution policies. Because the Foundation reports under the FASB reporting model, disclosures of the various investment risks are not required. Following is a summary of CFWNC activity:

		Amount
Asset value as of June 30, 2023:	$	8,667,973
Current year activity:		
Cash transfers and withdrawals, net		(109,768)
Investment income and interest		148,322
Investment (loss) gain		643,053
Community Foundation fees		(45,266)
Asset value as of June 30, 2024:	$	9,304,314

The Foundation places its cash and cash equivalents on deposit with the State Treasurer and TD Bank.

NOTE 3 - FAIR VALUE MEASUREMENTS

College - To the extent available, the College's investments are recorded at fair value as of June 30, 2024. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

Level 1 — Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2	Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
Level 3	Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment.

Short-Term Investment Fund - At year-end, all the College's investments valued at $16,895,461 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 - The following table summarizes the valuation of the College's discretely presented component unit's financial assets measured at fair value as of June 30, 2024, based on the level of input utilized to measure fair value.

	Assets Measured at Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable (Level 2)	Unobservable (Level 3)
Beneficial interest in remainder trusts	$ 1,780,922	$ -	$ -	$ 1,780,922
	1,780,922	$ -	$ -	$ 1,780,922
Investments with Community Foundation of WNC [a]	9,304,314			
	$ 11,085,236			

[a] In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Fair value for the beneficial interests in remainder trusts (Level 3) is determined by estimating the present values of the future distributions expected to be received. Inputs include June 30, 2024 values of the investments in the trusts, data from published life expectancy tables and a 3% discount rate. There have been no changes in the valuation techniques and related inputs.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Interest in Remainder Trusts
July 1, 2023	$ 1,502,901
Present value adjustment	278,021
July 1, 2024	$ 1,780,922

NOTE 4 - RECEIVABLES

Receivables at June 30, 2024, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 912,110	$ 330,051	$ 582,059
Student Sponsors	335,893	75,287	260,606
Intergovernmental	655,762	-	655,762
Vendors	78,856	-	78,856
Patrons	4,456	-	4,456
Other	6,167		6,167
Total Current Receivables	$ 1,993,244	$ 405,338	$ 1,587,906
Leases Receivable - Current:	$ 218,952	$ -	$ 218,952
Leases Receivable - Noncurrent:	$ 61,639	$ -	$ 61,639

Note 5 - Capital Assets

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

	Balance June 30, 2023	Adjustments	Increases	Decreases	Balance June 30, 2024
Capital Assets, Nondepreciable:					
Land	$ 5,958,213	$ -	$ -	$ -	$ 5,958,213
Construction in Progress - Infrastructure	16,834,626	-	10,936,491	196,398	27,574,719
Total Capital Assets, Nondepreciable	22,792,839	-	10,936,491	196,398	33,532,932
Capital Assets, Depreciable:					
Buildings	160,254,846	-	-	-	160,254,846
General Infrastructure	15,304,416	-	196,397	-	15,500,813
Machinery and Equipment	20,799,182	-	2,977,242	327,927	23,448,497
Computer Software	60,000	-	-	-	60,000
Lease Assets - Depreciable:					
Right to Use Lease Asset - M&E	544,904	-	16,802	-	561,706
Subscripton (SBITA) Asset	267,740		124,770	128,124	264,386
Total Capital/Lease Assets, Depreciable	197,231,088	-	3,315,211	456,051	200,090,248
Less Accumulated Depreciation/Amortization for:					
Buildings	48,988,055	-	2,497,693	-	51,485,748
General Infrastructure	3,977,431	-	291,415	-	4,268,846
Machinery and Equipment	12,245,041	-	1,384,169	287,170	13,342,040
Computer Software	7,000	-	12,000	-	19,000
Lease Assets, Depreciable:					
Right to Use Lease Asset - M&E	248,682	-	80,021	-	328,703
Subscripton (SBITA) Asset	87,331	-	135,555	128,124	94,762
Total Accumulated Depreciation	65,553,540	-	4,400,853	415,294	69,539,099
Total Capital Assets, Depreciable, Net	131,677,548	-	(1,085,642)	40,757	130,551,149
Capital Assets, Net	$ 154,470,387	$ -	$ 9,850,849	$ 237,155	$ 164,084,081

As of June 30, 2024, the total amount of right-to-use leased and subscription assets was $561,706 and $264,386, and the related accumulated amortization was $328,703 and $94,762, respectively.

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	$	1,452,007
Accrued Payroll		768,342
Contracts Payable		275,770
Intergovernmental Payables		29,069
Total	$	2,525,188

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES

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

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Lease Liabilities	$ 271,535	$ 16,802	$ 118,264	$ 170,073	$ 65,770
Subscription (SBITA) Liabilities	183,052	124,770	131,528	176,294	70,596
Compensated Absences	3,904,091	2,657,993	2,715,669	3,846,415	530,036
Net Pension Liability	22,098,608	2,982,723	-	25,081,331	-
Net OPEB Liability	30,227,819	3,695,921	-	33,923,740	-
Total Long-Term Liabilities	$ 56,685,105	$ 9,478,209	$ 2,965,461	$ 63,197,853	$ 666,402

Additional information regarding leases payable is included in Note 8.
Additional information regarding the net pension liability is included in Note 12.
Additional information regarding the net other postemployment benefit liability is included in Note 13.

NOTE 8 - LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

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

During the year ended June 30, 2024, the College recognized operating revenues related to lessor arrangements totaling $250,338, and nonoperating lease interest income totaling $34,757.

The College's leasing 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 (1)	Interest Rate/ Ranges
Lessor:					
Buildings	13	$ 280,591	$ 218,952	48 Months	3%-24%
Total	13	$ 280,591	$ 218,952		

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

B. Lessee Arrangements - The College has lease agreements for the right to use 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 to be made during the lease term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. The expected payments are discounted using the interest rate stated per the lease contract, or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

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

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Terms (1)	Interest Rate/ Ranges
Lessee:					
Machinery and Equipment	22	$ 170,073	$ 65,770	60 Months	3.54%-7.25%
Total	22	$ 170,073	$ 65,770		

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

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

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2024	Current Portion	SBITA Terms and Conditions
Right-to-Use Subscription Assets	2	$ 176,294	$ 70,596	60 Months

D. 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	$ 65,770	$ 7,591	$ 70,597	$ 11,525
2026	35,592	5,136	49,956	6,270
2027	34,079	3,196	26,726	3,603
2028	31,111	1,165	29,015	1,313
2029	3,521	121	-	-
Total Requirements	$ 170,073	$ 17,209	$ 176,294	$ 22,711

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	$ (10,205,508)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	$ (37,712,413)
Effect on Unrestricted Net Position	$ (47,917,921)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	$ 6,336,966
Total Unrestricted Net Position	$ (41,580,955)

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	Internal Sales Eliminations	Less Scholarship Discounts	Change in Allowance for Uncollectibles	Net Revenues
Operating Revenues:					
Student Tuition and Fees	$ 9,645,234	$ -	$ 3,622,662	$ 123,778	$ 5,898,794
Sales and Services:					
Sales and Services of Auxiliary Enterprises:					
Bookstore	1,788,639	12,092	646,953	23,971	1,105,623
Vending	53,770	-	-	-	53,770
Other	92,060	-	-	-	92,060
Sales and Services of Education and Related Activities	180,008	1,909	-	-	178,099
Total Sales and Services, Net	$ 2,114,477	$ 14,001	$ 646,953	$ 23,971	$ 1,429,552
Nonoperating Revenues:					
Noncapital Contributions, Net	$ 5,342,560	$ -	$ -	$ -	$ 5,342,560
Other Revenues:					
Capital Contributions, Net	$ 10,744,469	$ -	$ -	$ -	$ 10,744,469

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	$ 21,489,581	$ 4,067,455	$ -	$ -	$ -	$ 25,557,036
Academic Support	5,015,049	615,251	-	-	-	5,630,300
Student Services	3,712,644	446,884	-	-	-	4,159,528
Institutional Support	12,368,780	3,254,139	-	-	-	15,622,919
Operations & Maintenance of Plant	2,534,229	2,940,016	-	1,486,187	-	6,960,432
Student Financial Aid	-	-	4,770,311	-	-	4,770,311
Auxiliary Enterprises	294,798	1,718,770	-	-	-	2,013,568
Depreciation	-	-	-	-	4,400,853	4,400,853
Total Operating Expenses	$ 45,415,081	$ 13,042,515	$ 4,770,311	$ 1,486,187	$ 4,400,853	$ 69,114,947

NOTE 12 - PENSION PLANS

Defined Benefit Plan

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

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

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from with an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The College's contractually-required contribution rate for the year ended June 30, 2024 was 17.64% of covered payroll. Plan members' contributions to the pension plan were $1,692,885 and the College's contributions were $4,977,146 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 $25,081,331 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 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 0.15044%, which was an increase of 0.00155% from its proportion measured as of June 30, 2022, which was 0.14889%.

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.

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:

Net Pension Liability

1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$43,059,000	$25,081,331	$10,250,584

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 $6,398,847. 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	$ 2,044,722	$ 185,118
Changes of Assumptions	880,823	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,985,149	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	250,478	77,377
Contributions Subsequent to the Measurement Date	4,977,146	-
Total	$ 15,138,318	$ 262,495

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

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

Year Ending June 30:	Amount
2025	$ 3,274,017
2026	1,772,390
2027	4,553,886
2028	298,384
Total	$ 9,898,677

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.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 14. The plan options change when the former employees become eligible for Medicare. The benefits provided include medical and pharmacy coverage for employees and their dependents. Non-Medicare eligible members have two self-funded options administered by the State Health Plan while Medicare members have three options, including one self-funded option and two fully-insured Medicare Advantage/Prescription Drug Plan options. Self-funded medical and pharmacy claims costs are shared between the covered member and the State Health Plan. If the self-funded plan is elected by a Medicare eligible member, the coverage is secondary to Medicare. Fully-insured claims include cost sharing from covered members with the remaining balance paid by the fully-insured carrier.

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

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

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

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Act. The College's contractually-required contribution rate for the year ended June 30, 2024 was 7.14% of covered payroll. The College's contributions to the RHBF were $ $2,014,559 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 $44,520.

2. Disability Income

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

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

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

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

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

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North

Carolina General Assembly and coincide with the State's fiscal year. The College's contractually-required contribution rate for the year ended June 30, 2024 was 0.11% of covered payroll. The College's contributions to DIPNC were $31,037 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 $33,889,101 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 0.12718%, which was a increase of 0.00005% from its proportion measured as of June 30, 2022, which was 0.12713%.

Disability Income Plan of North Carolina: At June 30, 2024, the College reported a liability of $ 34,639 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 0.13024%, which was a increase of 0.00081% from its proportion measured as of June 30, 2022, which was 0.12943%.

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***	3.0%	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, 2022. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments to the current plan members. In order to develop the blended discount rate of 3.00%, 3.00% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.65% was used during the period that the plan was projected to have no fiduciary net position. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

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

Net OPEB Liability

		1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
RHBF	$	39,978,644	33,889,101	28,929,573

		1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	$	41,641	34,639	27,510

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

Net OPEB Liability (Asset)

	1% Decrease (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	27,978,491	33,889,101	41,510,709

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

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

OPEB Plan	Amount
RHBF	$ (719,444)
DIPNC	$ 50,105
Total OPEB Expense	$ (669,339)

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	$ 373,185	$ 30,356	$ 403,541
Changes of Assumptions	3,671,221	2,524	3,673,745
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	270,724	45,243	315,967
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	376,275	10,436	386,711
Contributions Subsequent to the Measurement Date	2,014,559	31,037	2,045,596
Total	$ 6,705,964	$ 119,596	$ 6,825,560

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 33,205	$ 19,186	$ 52,391
Changes of Assumptions	9,041,339	5,913	9,047,252
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	1,511,437	3,153	1,514,590
Total	$ 10,585,981	$ 28,252	$ 10,614,233

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	$ (2,614,762)	$ 18,802
2026	(2,751,970)	12,409
2027	(1,122,945)	17,333
2028	595,103	7,241
2029	(2)	3,190
Thereafter	-	1,332
Total	$ (5,894,576)	$ 60,307

NOTE 14 - RISK MANAGEMENT

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

A. Public Entity Risk Pool

State Public Education Property Insurance Fund

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

B. Employee Benefit Plans

1. State Health Plan

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

2. Death Benefit Plan of North Carolina

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

3. Disability Income Plan

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

4. Dental Plan

The College's dental plan is self-funded and administered by Delta Dental. The administrative fee includes aggregate stop loss protection.

C. 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. Employee dishonesty insurance for employees paid from non-state funds is purchased from Cincinnati Insurance Company with coverage of $275,000 per occurrence and a $1,000 deductible.

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.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Commitments - The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $76,943 at June 30, 2024.

Litigation and Claims - The College is a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. College management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the College.

Federally funded financial aid programs are subject to special audits. Such audits could result in claims against the resources of the College.

NOTE 16 - RELATED PARTIES

Foundation – The Asheville-Buncombe Technical Community College Foundation, Inc. is a separately incorporated, nonprofit foundation associated with the College. This organization serves as the primary fundraising arm of the College through which individuals, corporations, and other organizations support College programs by providing scholarships, fellowships, faculty and staff salaries, professional development and unrestricted funds to specific departments and the College's overall academic environment. The College's financial statements do not include the assets, liabilities, net position, or operational transactions of the Foundation, except for support from the Foundation. This support approximated $1,125,888 for the year ended June 30, 2024.

NOTE 17 - 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 18 - SUBSEQUENT EVENTS

The College has evaluated events through April 17, 2025, which is the date the financial statements were available to be issued.

NOTE 19 - AUDIT HOURS AND COSTS

The FY 2024 audit required 225 audit hours at an approximate cost of $41,942. The cost represents 0.023% of the College's total assets and 0.061% of total expenses subject to audit.

AB Tech Community College

Required Supplementary Information

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Asheville-Buncombe 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	*(1)*	0.15044%	0.14889%	0.15124%	0.14740%	0.15671%
Proportionate Share of TSERS Collective Net Pension Liability	*(2)*	$ 25,081,331	$ 22,098,608	$ 7,081,966	$ 17,808,864	$ 16,246,058
Covered Payroll	*(3)*	$ 26,698,525	$ 25,188,964	$ 23,677,826	$ 24,039,190	$ 24,536,433
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	*(4)*	93.94%	87.73%	29.91%	74.08%	66.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	*(5)*	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	**2018**	**2017**	**2016**	**2015**
Proportionate Share Percentage of Collective Net Pension Liability	0.16074%	0.15910%	0.15401%	0.16336%	0.15651%
Proportionate Share of TSERS Collective Net Pension Liability	$ 16,003,417	$ 12,623,696	$ 14,155,110	$ 6,020,139	$ 1,834,956
Covered Payroll	$ 24,378,866	$ 23,629,330	$ 22,630,011	$ 24,324,796	$ 22,473,635
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	65.64%	53.42%	62.55%	24.75%	8.16%
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.

Asheville-Buncombe 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	*(1)*	$ 4,977,146	$ 4,640,204	$ 4,135,532	$ 3,499,583	$ 3,117,883
Contributions in Relation to the Contractually Determined Contribution	*(2)*	4,977,146	4,640,204	4,135,532	3,499,583	3,117,883
Contribution Deficiency (Excess)	*(3)*	$ -	$ -	$ -	$ -	$ -
Covered Payroll	*(4)*	$ 28,215,114	$ 26,698,525	$ 25,188,964	$ 23,677,826	$ 24,039,190
Contributions as a Percentage of Covered Payroll	*(5)*	17.64%	17.38%	16.42%	14.78%	12.97%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 3,015,528	$ 2,628,042	$ 2,358,207	$ 2,070,646	$ 2,137,175
Contributions in Relation to the Contractually Determined Contribution	$ 3,015,528	$ 2,628,042	$ 2,358,207	$ 2,070,646	$ 2,137,175
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 24,536,433	$ 24,378,866	$ 23,629,330	$ 22,630,011	$ 24,324,796
Contributions as a Percentage of Covered Payroll	12.29%	10.78%	9.98%	9.15%	8.79%

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

Asheville-Buncombe 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

Asheville-Buncombe 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**

Exhibit C-3
Page 1 of 2

Retiree Health Benefit Fund		**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability	*(1)*	0.12718%	0.12713%	0.12903%	0.12760%	0.13437%
Proportionate Share of Collective Net OPEB Liability	*(2)*	$ 33,889,101	$ 30,189,316	$ 39,889,314	$ 35,398,534	$ 42,514,664
Covered Payroll	*(3)*	$ 26,698,525	$ 25,188,964	$ 23,677,826	$ 24,039,190	$ 24,536,433
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	*(4)*	126.93%	119.85%	168.47%	147.25%	173.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	*(5)*	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability	0.13773%	0.12984%	0.13901%
Proportionate Share of Collective Net OPEB Liability	$ 39,235,560	$ 42,571,274	$ 60,474,075
Covered Payroll	$ 24,378,866	$ 23,629,330	$ 22,630,011
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	160.94%	180.16%	267.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	3.52%	2.41%

Asheville-Buncombe 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)	*(1)*	0.13024%	0.12943%	0.13329%	0.12759%	0.13670%
Proportionate Share of Collective Net OPEB Liability (Asset)	*(2)*	$ 34,639	$ 38,503	$ (21,772)	$ (62,767)	$ (58,986)
Covered Payroll	*(3)*	$ 26,698,525	$ 25,188,964	$ 23,677,826	$ 24,039,190	$ 24,536,433
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	*(4)*	0.13%	0.15%	0.09%	0.26%	0.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	*(5)*	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.14072%	0.13918%	0.13611%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (42,745)	$ (85,067)	$ (84,524)
Covered Payroll	$ 24,378,866	$ 23,629,330	$ 22,630,011
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.18%	0.36%	0.37%
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.

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

Exhibit C-4
Page 1 of 2

Retiree Health Benefit Fund		**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	*(1)*	$ 2,014,559	$ 1,839,528	$ 1,582,052	$ 1,581,679	$ 1,555,336
Contributions in Relation to the Contractually Determined Contribution	*(2)*	$ 2,014,559	$ 1,839,528	$ 1,582,052	$ 1,581,679	$ 1,555,336
Contribution Deficiency (Excess)	*(3)*	$ -	$ -	$ -	$ -	$ -
Covered Payroll	*(4)*	$ 28,215,114	$ 26,698,525	$ 25,188,964	$ 23,677,826	$ 24,039,190
Contributions as a Percentage of Covered Payroll	*(5)*	7.14%	6.89%	6.28%	6.68%	6.47%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 1,538,434	$ 1,474,921	$ 1,372,864	$ 1,267,281	$ 1,335,431
Contributions in Relation to the Contractually Determined Contribution	$ 1,538,434	$ 1,474,921	$ 1,372,864	$ 1,267,281	$ 1,335,431
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 24,536,433	$ 24,378,866	$ 23,629,330	$ 22,630,011	$ 24,324,796
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	5.60%	5.49%

Asheville-Buncombe 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	*(1)*	$ 31,037	$ 26,699	$ 22,670	$ 21,310	$ 24,039
Contributions in Relation to the Contractually Determined Contribution	*(2)*	$ 31,037	$ 26,699	$ 22,670	$ 21,310	$ 24,039
Contribution Deficiency (Excess)	*(3)*	$ -	$ -	$ -	$ -	$ -
Covered Payroll	*(4)*	$ 28,215,114	$ 26,698,525	$ 25,188,964	$ 23,677,826	$ 24,039,190
Contributions as a Percentage of Covered Payroll	*(5)*	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 34,351	$ 34,130	$ 89,791	$ 92,783	$ 99,732
Contributions in Relation to the Contractually Determined Contribution	$ 34,351	$ 34,130	$ 89,791	$ 92,783	$ 99,732
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 24,536,433	$ 24,378,866	$ 23,629,330	$ 22,630,011	$ 24,324,796
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.

Asheville-Buncombe Technical Community College
Notes to Required Supplementary Information
Schedule of College Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

Effective January 1, 2022, the structure of employer contributions to the RHBF was altered by legislation. Previously, non-Medicare-eligible 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

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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
Asheville-Buncombe Technical Community College
Asheville, 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 Asheville-Buncombe 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 April 17, 2025. Our report includes a reference the financial statements of the Asheville-Buncombe Technical Community College Foundation, Inc. (non-governmental discretely presented component unit of the College), as described in our report on the College's financial statements. The financial statements of the Asheville-Buncombe Technical Community College Foundation, Inc. (non-governmental discretely presented component unit of the College) was not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Asheville- Buncombe Technical Community College Foundation, Inc. (non-governmental discretely presented component unit of the College).

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.

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
April 17, 2025