NC OFFICE OF THE STATE CONTROLLER

**2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) PACKAGE INSTRUCTIONS**

#  FOR COMMUNITY COLLEGES

1. To begin, select your college name from the drop-down box and enter header information on the Index page of the 2024 Comm\_Coll\_Year-End ACFR Package Excel workbook. The header information will be carried to each worksheet and certain cells in the file will be populated when the correct college name is selected. Enter your financial statement data for Exhibits A & B. The capital assets worksheet and long-term liabilities worksheet must be completed first and the summary amounts from these worksheets will be linked in to Exhibit A.
2. See the page below for instructions for the Capital Assets worksheet. Instructions for the Long-term Liabilities worksheet are included on the bottom of the worksheet.
3. The Analytical Review/Two-year comparative worksheet to compute variances is built in to the 2024 Comm\_Coll\_Year-End ACFR Package file. As you enter the financial data for 2024 for Exhibits A and B, the caption totals will link in to the 2024 column on the Analytical Review worksheet. The financial data from 2023 will also link into the Analytical Review worksheet. The formulas built into the worksheet will compute differences, and based on the established criteria, indicate by a “C” which differences need to be explained. Those captions and totals identified for comment will need to be entered on worksheet 625 for Analytical Review. Your explanations for the identified items should include reasons for the changes. Please refer to the additional set of Analytical Review worksheet 625 instructions below for more information.
4. Beginning fund equity on Exhibit B must tie to the total ending fund equity for your college per the 2023 ACFR. The 6/30/23 ending fund equity amounts for each college per the ACFR are built into a table in the 2023 Comm\_Coll\_Year-End ACFR Package file. The ending fund equity amount for your college will link in to the “Net position – beginning of year” cell when you select your college name on the Index worksheet. Any fund equity changes must be reflected in the Restatement line on Exhibit B. The college’s package will not be accepted by OSC if submitted with the beginning fund equity not agreeing to the prior year ending per the ACFR.
5. Colleges must strictly adhere to the established materiality threshold and specific exceptions for amounts due from/to primary government and due from/to component units. Note the threshold amount of one million dollars. The college’s package will not be accepted by OSC if the threshold and specific guidelines are not followed. Amounts not meeting the established criteria should be reclassified as accounts receivable/payable for ACFR reporting. When the information becomes available from the System Office, the amount due from the System Office for construction projects will be linked into the Exhibit A cell “Restricted due from Primary Government.” Colleges must confer and agree with the System Office on these amounts before the package is submitted to OSC.
6. Refer to the Community College list below to determine the ACFR filename for your college. Please save your Excel 2024 Comm\_Coll\_Year-End ACFR Package file as the assigned ACFR filename. **Please save the file using Excel “.xlsx” format.**
7. Questions? Call John Krellner at (919) 707-0474 or email John.Krellner@ncosc.gov
8. Please send your 2024 Comm\_Coll\_Year-End ACFR Package workbook renamed as the ACFR filename for your college, along with your letter of certification to the new OSC Year-End Reporting Package Sharepoint site [OSC Year-End Financial Reporting Packages SharePoint site](https://ncconnect.sharepoint.com/sites/CAFR/) by **August 26, 2024**. **OSC will not accept year-end packages via email. Earlier submission is strongly encouraged!** Please include your college name in the subject line. OSC will send a confirmation reply to acknowledge the receipt of your package. Remember to save a copy of your final package for your records. Thank you!

#### College Numbers and ACFR Filenames for Each College:

**Save your 2024 Comm\_Coll\_Year-End ACFR Package file as the ACFR filename assigned to your college. Please save the Excel using “.xlsx” format.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **College** |  |  | ***ACFR*** |
|  | **Number** |  | ***COMMUNITY COLLEGE*** | ***FILENAME*** |
|   |  |  |  |  |
| 1 | C0 |  | Alamance Community College | CC1 |
| 2 | C1 |  | South Piedmont Community College | CC2 |
| 3 | C2 |  | Asheville-Buncombe Tech Community College | CC3 |
| 4 | C3 |  | Beaufort County Community College | CC4 |
| 5 | C4 |  | Bladen Community College | CC5 |
| 6 | C5 |  | Blue Ridge Community College | CC6 |
| 7 | C6 |  | Brunswick Community College | CC7 |
| 8 | C7 |  | Caldwell Community College and Tech Institute | CC8 |
| 9 | C8 |  | Cape Fear Community College | CC9 |
| 10 | C9 |  | Carteret Community College | CC10 |
| 11 | CA |  | Catawba Valley Community College | CC11 |
| 12 | CB |  | Central Carolina Community College | CC12 |
| 13 | CC |  | Central Piedmont Community College | CC13 |
| 14 | CD |  | Cleveland Community College | CC14 |
| 15 | CE |  | Coastal Carolina Community College | CC15 |
| 16 | CF |  | College of the Albemarle | CC16 |
| 17 | CG |  | Craven Community College | CC17 |
| 18 | CH |  | Davidson-Davie Community College | CC18 |
| 19 | CJ |  | Durham Technical Community College | CC19 |
| 20 | CK |  | Edgecombe Community College | CC20 |
| 21 | CL |  | Fayetteville Technical Community College | CC21 |
| 22 | CM |  | Forsyth Technical Community College | CC22 |
| 23 | CN |  | Gaston College | CC23 |
| 24 | CP |  | Guilford Technical Community College | CC24 |
| 25 | CQ |  | Halifax Community College | CC25 |
| 26 | CR |  | Haywood Community College | CC26 |
| 27 | CS |  | Isothermal Community College | CC27 |
| 28 | CT |  | James Sprunt Community College | CC28 |
| 29 | CU |  | Johnston Community College | CC29 |
| 30 | CV |  | Lenoir Community College | CC30 |
| 31 | CW |  | Martin Community College | CC31 |
| 32 | CX |  | Mayland Community College | CC32 |
| 33 | CY |  | McDowell Technical Community College | CC33 |
| 34 | CZ |  | Mitchell Community College | CC34 |
| 35 | D0 |  | Montgomery Community College | CC35 |
| 36 | D1 |  | Nash Community College | CC36 |
| 37 | D2 |  | Pamlico Community College | CC37 |
| 38 | D3 |  | Piedmont Community College | CC38 |
| 39 | D4 |  | Pitt Community College | CC39 |
| 40 | D5 |  | Randolph Community College | CC40 |
| 41 | D6 |  | Richmond Community College | CC41 |
| 42 | D7 |  | Roanoke-Chowan Community College | CC42 |
| 43 | D8 |  | Robeson Community College | CC43 |
| 44 | D9 |  | Rockingham Community College | CC44 |
| 45 | DA |  | Rowan-Cabarrus Community College | CC45 |
| 46 | DB |  | Sampson Community College | CC46 |
| 47 | DC |  | Sandhills Community College | CC47 |
| 48 | DD |  | Southeastern Community College | CC48 |
| 49 | DE |  | Southwestern Community College | CC49 |
| 50 | DF |  | Stanly Community College | CC50 |
| 51 | DG |  | Surry Community College | CC51 |
| 52 | DH |  | Tri-County Community College | CC52 |
| 53 | DJ |  | Vance-Granville Community College | CC53 |
| 54 | DK |  | Wake Technical Community College | CC54 |
| 55 | DL |  | Wayne Community College | CC55 |
| 56 | DM |  | Western Piedmont Community College | CC56 |
| 57 | DN |  | Wilkes Community College | CC57 |
| 58 | DP |  | Wilson Community College | CC58 |

**Starting in FY2024, Exhibit A&B has the FCCS Entity drop-down box which is auto-populated with your entity’s FCCS Entity number which will be 48100G for community colleges and the FCCS Agency which is your entity’s two digit college number.**

**Instructions for Capital Assets Worksheet in 2024 Comm\_Coll\_Year-End ACFR Package file**

**Beginning Balance=June 30, prior year**. *These beginning balances must equal the June 30 ending balances per prior year ACFR. Any audit adjustments to the prior year balances that were made after the ACFR package was submitted to OSC must be reflected in the* **Prior** **Year Asset Adjustment** *column****. The beginning balances are equal to the prior year ending balances per the ACFR and are built in to the worksheet.***

**Prior Year Asset Adjustment**  Additions to the fixed asset system that were made in this fiscal year, but which had a prior year acquisition date. Also included in this column are prior year audit adjustments that were made after the ACFR package was submitted to OSC. *If there are any prior year adjustments, worksheet 430 must be completed and the amounts on these worksheets should tie.* ***Capital assets adjustments not tying to the worksheet 430 will generate an error on the dashboard tab and must be corrected prior to submission to OSC.***

**Additions**

1. New Additions (capitalized fixed assets $5,000 and greater). Also, include accrual fixed assets transactions (capitalized fixed assets acquired prior to June 30 but paid for in subsequent year).

1. Also include "adjustments" to capitalized fixed assets. Adjustments are increases or decreases to assets already on the fixed asset system. Positive adjustments are included in the additions column.

**Deletions** Current year retirements and adjustments to capitalized fixed assets. Adjustments are increases or decreases to assets already on the fixed asset system. Negative adjustments are included in the deletions column.

Balance June 30 The calculated ending balance should agree to the general ledger asset type.

Accumulated Depreciation – Capital Assets

Beginning Balance=June 30, prior year The beginning balance represents the calculated accumulated depreciation for all capitalized, depreciable fixed assets, by asset type. *These beginning balances must tie to the June 30 ending balances per prior year ACFR. Any audit adjustments that were made after the ACFR package was submitted to OSC must be reflected in the* Prior Year Asset Adjustment *column. The beginning balances are equal to the prior year ending balances per the ACFR and are built into the worksheet.*

**Prior Year Asset Adjustment**  Additions to the fixed asset system that were made in this fiscal year, but which had a prior year acquisition date. Also included in this column are audit adjustments that were made after the ACFR package was submitted to OSC.

Additions Represent the current year entries to accumulated depreciation when depreciation expense entries are recorded. *Total should equal depreciation expense. If the two amounts do not tie, provide an explanation for the difference.*

Deletions Represent the reductions of accumulated depreciation associated with the current year disposal of fixed assets.

Balance June 30 The calculated ending balance should agree to the general ledger

The June ending balances for “Capital assets – nondepreciable” and “Capital assets – depreciable, net” will link from this worksheet to the captions on Exhibit A.

***IMPORTANT*:**

There is not a separate ACFR worksheet/schedule for amounts due from primary government. If the college has an amount due from the primary government, it must meet the 1 million dollar threshold. Otherwise the amount should be reported as an accounts receivable for ACFR presentation. If the college has a due from primary government amount that meets the 1 million dollar threshold, it should be included on Exhibit A and OSC will contact the college for further information. See also the related note below.

**The following is a reminder and is not a change from the prior year.**

The balance due from the NC Community College System Office for capital projects, including the Higher Ed bond money, is reported in the separate caption “**Restricted** Due from Primary Government” in the **noncurrent** **assets** section on Exhibit A. There is no dollar threshold for this amount. The System Office will provide the balances by college to the OSC in early July. These amounts will be built into a table in the **CollProforma** workbook so that when the college number is entered on the index sheet, the balance for the college will be linked in to the Restricted due from Primary Government caption on Exhibit A. The Restricted Due from Primary Government amount should not be reported on any additional ACFR worksheet or schedule. If the college disagrees with the amount determined by the System Office, the college must reconcile the difference with the System Office **prior to submission to OSC**.

**PUBLIC-PUBLIC AND PUBLIC-PRIVATE PARTNERSHIP ARRANGEMENTS (110)**

GASB 94 requires disclosure of information related to public-private and public-public partnership arrangements (PPPs). Review criteria on worksheet to determine if your agency has a PPP to report. If you answer yes to this worksheet, you will also need to complete a related narrative disclosure.

**LEASES (301)**

For note disclosure purposes, GASB 87 defines a lease as a contract that conveys control of the right to use another entity’s non-financial asset as specified in a contract for a period of time in an exchange or an exchange-like transaction. Leasing arrangements as defined by GASB 87 are financings of the right to use a lease asset. See the [GASB 87 Financial Reporting Update](https://www.osc.nc.gov/state-agency-resources/north-carolina-accounting-system-ncas/statewide-financial-reporting/gasb-resources/gasb-87) for more information.

WS 301 is to be completed for Leases that fall under the GASB 87 definition. If future lease payments extend beyond 2048, include a separate schedule breaking out the lease payments in 5-year increments for principal and interest until the end of the lease.

All questions under the main table are required to be answered for all entities. Leases between component units or between the primary government and component units are required to be presented separately in the financial statements. The lease liability and lease receivable between the entities must agree.

For “yes” responses to questions below the main table, additional disclosures are required for lease payables reported in the Lessee Section of WS 301. Please use the text box under the Lessee section to prepare required disclosures.

For “yes” responses to questions in the Lessor section, additional disclosures are required if you as the Lessor reported lease receivables in your financial statements that fall under the definition of GASB 87. Please use the text box under the Lessor section of WS 301 to prepare required disclosures.

**SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (302)**

For note disclosure, GASB 96 defines a SBITA as a contract that conveys control of the right to

use another party's (a SBITA vendor’s IT software, alone or in a combination with tangible capital

assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or

an exchange-like transaction. See the [GASB 96 Financial Reporting Update](https://www.osc.nc.gov/gasb-standard-96/open) for more information.

WS 302 is to be completed for SBITAs that fall under the GASB 96 definition. If future SBITA payments extend beyond 2048, include a separate schedule breaking out the SBITA payments in 5-year increments for principal and interest until the end of the arrangement.

Please provide the required note disclosure in the text box below the table.

**PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHP ARRANGEMENTS (PPPs) – INSTALLMENT PAYMENTS (303)**

WS 303 is required ONLY for “Operators” in a PPP arrangement related to any PPP installment liability. This worksheet mirrors WS 301 and 302 for leases and SBITAs. Please provide the future principal and interest payments for a PPP Liability. The total future principal payments should agree to the PPP liability at fiscal year end.

**SUMMARY TABLE FOR LEASES AND SBITAS – (304)**

Please complete the table on WS 304 for Leases and SBITAs. The total of the amounts reported on the Lessee section of the table for Leases and SBITAs will agree to the Lease Payable and Subscription Payable amounts as reported on your WS Long-Term Liabilities Worksheet.

For leases/SBITAs wherein there are multiple contracts for a classification, please list the lowest lease term in years and the highest lease term in years along with the lowest interest rate to the highest interest rate. For leases/SBITAs wherein there is one lease for a classification, please list the lease term information under the Lease Terms in Years Highest End of Term column and the interest rate information under the Interest Rate Highest column.

The Leases Lessor section of the table will agree to the Lease Receivable as reported in your Financials.

**CERTAIN ASSET RETIREMENT OBLIGATIONS (323)**

GASB 83 requires recognition of a liability and corresponding deferred outflows of resources for an asset retirement obligation (ARO) if the liability is incurred and reasonably estimable. An ARO is a legally enforceable liability associated with the retirement of certain tangible capital assets. Examples of tangible capital assets that could have an ARO are decommissioning of nuclear reactors; removal and disposal of wind turbines in wind farms; dismantling and removal of sewage treatment plants; and removal and disposal of X-ray machines and MRI machines (this is not an all inclusive list). This worksheet is to be completed only if you have an ARO. On page one of the worksheet, indicate the external and internal obligating events that caused the incurrence of a liability. Also on page one, provide accounting and financial reporting related to the ARO. Complete the first part if this is the first year the ARO will be recognized. On page two, complete the second part for all subsequent years of recognition. If there is an ARO, related disclosures are required.

**RESTATEMENTS – PART 1 of 2 (430)** **NEW INSTRUCTIONS FY 2024 (Read Carefully)**

With the implementation of GASB 100 *Accounting Changes and Error Corrections*, new disclosures are required for each type of restatement.

430 Table. Identify each restatement on worksheet 430. Note: Any restatements related to Implementation Guide 2021-1, Sec. 5.1 for grouped assets should be reported on the first line of the table. All restatements for capital assets should be reported in column B “Capital Transactions”, and the Total restatements in the Capital Transactions Column should agree to Column B (Adjustments to July 1 Balance) on the Capital Assets Tab. Total Long Term/Short Term Liability Transactions Column should agree to the Total in Column B (Adjustments to July 1 Balance) on the Changes in Long-Term Liability worksheet. All other types of restatements should be reported in the “Other” column, and the Grand Total should agree to the Exhibit A&B Restatement caption.

**430 NARRATIVE (TEXT BOX) - NEW FY 2024**. In the text box below the 430 table, for EACH restatement identified in the 430 table ***(except for grouped asset restatement related to Implementation Guide 2021-1, Sec 5.2)***, provide information related to the nature of the restatement.

**REQUIRED DISCLOSURES:**

**Changes in Accounting Principles:**

1. Provide the nature of the change in accounting principle, including a) identification of the financial statement line items (excluding totals and subtotals) affected by the application of the new accounting principle (see WS 431) and b) for the implementation of a new standard, identify the new standard that generated the restatement.
2. Except for the implementation of a new standard, provide the reason for the change in accounting principle, including an explanation of why the new principle is preferable.

EXAMPLE: Happy Community College implemented a new accounting principle in their method for recognizing notes receivable. Previously, notes receivable were recognized when certain criteria were met (identify the criteria). Under the new accounting principle, notes receivable are recognized when (identify new criteria). This new accounting principles is preferable because (state reason the new principle is preferable). As a result, Happy Community College reported a $1.5 million dollar restatement. In the prior year, Happy Community College reported $4 million in Notes receivable, but with the implementation of the new recognition method, notes receivable would have been $5.5 million, an increase of $1.5 million. In the statement of changes, sales were previously reported as $11 million but would have recognized an additional $1.5 million in revenue under the new method for recognizing notes receivable, for total sales of $12.5 million.

NOTE: For restatements related to the Implementation Guide 2021-1, Section 5.1 (Grouped Assets), note disclosures are not required, but financial statement captions impacted should be identified on worksheet 431.

**Changes in Accounting Estimates:**

1. Provide the nature of the change in accounting estimate, including identification of the financial statement line items (excluding totals and subtotals) affected.
2. If the change in accounting estimate results from a change in measurement methodology, provide a) the reason for the change in measurement methodology, and b) except in circumstances in which the change in measurement methodology is required by a GASB pronouncement, provide an explanation of why the new measurement methodology is preferable.

**NOTE: Because changes in accounting estimates (not as a result of an error, as described under GASB 100) are reported prospectively, no restatement should be recorded and therefore will not be reported on WS 430. However, the note disclosures identified above are still required for changes in accounting estimates even though the beginning net position will not be restated.**

**Changes to or within the Financial Reporting Entity:**

1. Provide the nature of the change to or within the financial reporting entity.
2. Provide the reason for the change to or within the financial reporting entity.

**NOTE:** Only beginning net position is restated when there is a change to or within the financial reporting entity. Prior year financial statement captions impacted by the restatement are not restated and therefore do not need to be identified on worksheet 431.

EXAMPLE: During fiscal year 2024, new legislation was passed that gives the Happy Community College the authority to approve and modify the budget of XYZ Foundation. Due to that change, XYZ Foundation now meets the requirements for inclusion as a discretely presented component unit for the fiscal year ended June 30, 2024. As a result, the beginning net position has been restated by $25 million.

**Error Corrections (most common type of restatement):**

1. Provide the nature of the error and its correction, including the periods affected by the error.
2. Identify the financial statement line items (excluding totals and subtotals) affected by the error in prior periods.
3. Identify the effect on the prior period’s change in net position, fund balance, or fund net position, had the error not occurred (line items on the operating statement). See WS 431 for both balance sheet and operating statement lines items impacted in the prior year by an error correction.

EXAMPLE: During the audit of Happy Community College’s June 30, 2023, financial statements, the auditors found that investments were undervalued because of not including unrealized gains in the investment allowance. As a result, the June 30, 2023, net investments were understated by $3.5 million, and net investment income was understated by $3.5 million. The original beginning net position of 57 million was restated by 3.5 million, for restated beginning net position of $60.5 million.

**RESTATEMENTS – PART 2 of 2 (431)** **NEW FY 2024**

For each restatement reported on worksheet 430, identify both the Balance Sheet and Operating Statement captions from the prior year that were impacted by the restatement. Drop-downs are available for the Balance Sheet captions. Key the prior year ending balance **only** for the captions that were impacted by the restatement(s). Report the caption balance as originally reported at 6/30 of the prior year (ending balance) in column B and the required adjustment in the “Restatements” column. The 2023 Balances as Restated will be calculated based on the information keyed. If a caption should be increased due to the restatement, enter the adjustment as a positive. If the caption should be decreased due to the restatement, enter the adjustment as a negative. The 431 includes formulas to restate Net Position based on the type of caption. For instance, if a liability was understated in the prior year, the adjustment should be entered as a position, and the restated liability balance will increase by that amount. But the restated Net Position will decrease by that amount because an increase in a liability caption will reduce Net Position. However, if the liability was overstated in the prior year, the adjustment should be entered as a negative, the 2023 balance as restated for that liability will be reduced by the adjustment, and Restated Net Position will increase by the adjustment because a liability has been decreased. The Balance Sheet Change on the 431 should agree to the Operating Statement Change, which should also agree to the Grand Total reported on worksheet 430.

For Restatements due to Error Corrections, use the first table, and for Restatement related to Changes in Accounting Principles, use the second 431 table.

To the right of the caption being restated, select the best description for the reason for the restatement in the drop-down menus. Most restatements will be related to error corrections, and the first table should be completed. But restatements for grouped assets are a result of a change in accounting principle, and the second table should be used.

**Schedule of DUE To Primary Government (520)**

For schedule 520, there is NO threshold for amounts due to the Primary Government related to Coronavirus Funds. In the Comments section of this worksheet, colleges should indicate whether the Due to Primary Government relates to (1) CARES Act Coronavirus Relief Fund (CRF) money, OR (2) other coronavirus funds.

Prepare the schedule of Due to Primary Government if necessary using the following guidelines.

This schedule provides information on amounts due to primary government (state) agencies. This schedule must be prepared to support any balance shown as “Due to Primary Government” on the Exhibit A.

The first column is requesting the Agency Number of the agency to which monies are owed.

The second column is the GASB Number of the fund of the agency to which monies are being transferred. Contact with the payee agency will be critical for the proper completion of this worksheet (columns under “Payee Contact”). Please save/file supporting documentation for further inquiries.

An aggregated threshold of **$1,000,000** per Agency and Individual GASB Number will apply to the Due to Primary Government accounts (EXCEPT coronavirus funds, as noted above). Record those aggregated amounts of $1,000,000 or more as Due To Primary Government. For amounts under the threshold, record as an Accounts Payable.

Note that all amounts must meet the $1,000,000 threshold and tie to the Exhibit A.

**REMINDER: The following GASBs are now subject to the $1,****000,000 thr****eshold:**

1. Agency No. 13 GASB 2714 Motor Fleet Management, Dept. of Administration
2. Agency No. 41 GASB 2730 State Computer Center, Dept. of Information Technology
3. Agency No. 41 GASB 2731 State Telecommunications Services, Dept. of Information Technology

If the million-dollar threshold is met, please contact (via email preferably) the agency involved to obtain information on the agency number and the GASB number and the agency’s agreement with the amount. Confirmation and agreement of the balances between the two agencies involved prior to submission of the ACFR package is critical. Please save/file supporting documentation for further inquiries.

The total amount recorded on the schedule must tie to the total due to primary government shown on the Statement of Net Position (Exhibit A). If the college has recorded other amounts not meeting any of the above criteria as Due to Primary Government, these amounts should be reclassified as accounts payable for reporting in the ACFR.

**Schedules of Due TO/From/Restricted Due TO/From STATE OF nc Component Units (525 and 530)**

For schedules 525 and 530, there is NO threshold for amounts due to/from State of NC component units related to Coronavirus Funds. In the Comments section of this worksheet, colleges should indicate whether the Due to/from State of NC Component Units relates to (1) CARES Act Coronavirus Relief Fund (CRF) money, OR (2) other coronavirus funds.

These two schedules should be completed by the college when there is a receivable/payable relationship with other component units of the State of NC. Please refer to the list of Component Units provided below.

Identify on the schedule amounts of $1,000,000 or more due to or due from an individual component unit agency. (Note: you should not report an amount due from Golden Leaf unless that receivable is equal to or greater than $1,000,000.)

If this dollar threshold is met, please contact (via email preferably) the agency involved to obtain information on the agency number and the GASB number and the agency’s agreement with the amount. Confirmation and agreement of the balances between the two agencies involved prior to submission of the ACFR package is critical. Please save/file supporting documentation for further inquiries.

The total amount recorded on the schedules must tie to the total due to State of NC Component Units shown on the Statement of Net Position (Exhibit A). If the college has recorded other amounts not meeting any of the above criteria as Due To/Due From State of NC Component Units, these amounts should be reclassified as accounts receivable/payable for reporting in the ACFR.

**LIST OF COMPONENT UNITS**

The following agencies are considered component units of the State of North Carolina for the 2023 ACFR Financial Report. Also refer to the Agencies list in the ACFR Excel workbook for names of colleges and universities and all state agencies.

Agency GASB Name

0A00 2611 N.C. Housing Finance Agency

0700 2629 Div. of State Health Plan, Dept. of State Treasurer

4800 263X UNC Hospitals (part of UNC System – see Agencies list)

48L0 2632 UNC Hospitals LITF (part of UNC System – see Agencies list)

48E0 2635 UNC Hospitals Enterprise Fund (part of UNC System – see Agencies list)

48R0 2637 Rex Healthcare (part of UNC System – see Agencies list)

48C0 2638 Chatham Hospital (part of UNC System – see Agencies list)

48T0 2639 UNC Physicians Network (part of UNC System – see Agencies list)

48HP 263X High Point Regional Health (part of UNC System – see Agencies list)

48CW 263X Caldwell Memorial Hospital (part of UNC System – see Agencies list)

8700 4XXX NC School of Science & Math (part of UNC System)

Z200 2618 N.C. Biotechnology Center

Z300 2615 N.C. Global TransPark Authority

Z700 2621 N.C. Partnership for Children

ZA00 2612 State Ports Authority

ZB00 2620 State Education Assistance Authority

ZG00 2626 Centennial Authority

ZH00 2627 North Carolina Railroad Company

ZI00 2640 The Golden LEAF, Inc.

ZL00 4XXX Gateway University Research Park (Part of UNC System)

ZM00 2644 Economic Development Partnership of NC

UXX 4XXX UNC System (16 universities and UNC Gen Administration – see Agencies list)

CX-DX 4XXX Community Colleges (58 colleges – see Agencies list)

**EMPLOYER CONTRIBUTION AMOUNTS FOR OPEB & TSERS (602)**

Enter the current year employer contributions for TSERS, RHBF, and DIPNC on Worksheet 602. Amounts for TSERS were previously reported on Worksheet 220.

**SCHEDULE OF DUE FROM COLLEGE COMPONENT UNITS (616)**

This worksheet must be completed only if the college has a discretely presented component unit foundation that will be reported on the Foundation Conversion Template, and if the college has a receivable from the foundation. Report any amount that is due from the foundation at June 30 (no threshold) and the amount reported on the schedule must agree to the amount on Exhibit A, in the caption “Due from college component units.”

**Instructions for Analytical Review worksheet 625**

**SIGNIFICANT INCREASES/DECREASES** — For the purpose of this worksheet a significant change in a report caption will be defined to be changes (increases/decreases) as follows:

**Primary Government** Greater than or equal to **15%**, **AND** in a threshold amount greater than or equal to **$15,000,000**

**Universities and Major** Greater than or equal to **15%**, **AND** in a threshold amount greater than or **Component Units** equal to **$10,000,000**

**Colleges and Nonmajor** Greater than or equal to **15%**, **AND** in a threshold amount greater than or **Component Units** equal to **$2,000,000** (For colleges, this is built in to the CollProforma spreadsheet)

**Primary (general) government agencies** should analyze SIGNIFICANT CHANGES from the prior year at the financial statement report caption level, for each **GASB fund type (General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, General Long-term Debt, General Fixed Assets)**.

**University and community college** analysis of report captions should be done ***only once*** at the “***total funds***” level. Universities and community colleges report in one column as a business-type activity.

All significant changes to assets, liabilities, revenues and other financing sources, and expenditures/expenses and other uses, should be analyzed. Indicate the ***REASON*** for the change in the description field. Attach additional information as necessary.

**Specific reasons** for significant fluctuations should be described in terms of:

 **economic changes;**

 **legal influences or changes;**

 **policy changes;**

 **legislative changes;**

 **demographic shifts or trends;**

 **environmental impacts (including weather); and**

 **administrative, management, or accounting changes**

Your ***REASONS*** should present ***ADDITIONAL INFORMATION*** that would otherwise not be available, or obvious, to the local, state, and national ***USERS*** of your financial information.

The analytical review worksheet should disclose ***unusual and significant*** items.

Management Discussion and Analysis (MD&A) is a requirement in the governmental reporting model (required supplementary information – RSI).

Each agency or institution that issues separate audited financial statements will need to include MD&A narrative, with charts and tables, in their separately issued financial statements.

**Net Position Policy**

**Authority:**

* GASB Statement 34 and related implementation guides
* GASB Statement 46, *Net Assets Restricted by Enabling Legislation*
* GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*
* GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
* GASB Comprehensive Implementation Guide *Net Investment in Capital Assets Section*

**Effective Date:**
7/1/2001; Revised 3/20/2007; Revised 3/28/2013

The following applies to the proprietary and government-wide financial statements of the State primary government and to component units.

**Policy:**
*Net Assets Restricted by Enabling Legislation (GASB 46)*: For the State primary government, constraints placed on net position use by enabling legislation are not reported as net position restrictions since such constraints are not legally enforceable. An Attorney General Advisory Opinion referenced that the Governor, pursuant to his constitutional authority under Article III, Section 5(3), may use resources restricted by enabling legislation in his discretion to meet a budget shortfall. Legal enforceability means that the State can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Flow of Funds Assumption*: Under some programs, the State has the option of using either restricted or unrestricted resources to make certain payments. When both restricted and unrestricted resources are available for use, generally it is the State’s policy to use receipts first (which include restricted and unrestricted resources), then State appropriations as necessary. Receipts are defined as all funds collected by an agency or institution other than State appropriations. The decision to use restricted or unrestricted receipts to fund a payment is transactional-based within the departmental management system in place at the agency or institution. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are always used first. GASB Codification Section 2300.106a(12)

**Accounting Guidance:**
The equity reported in the statement of net position should be labeled net position and displayed in the following three components: (1) net investment in capital assets; (2) restricted (distinguishing between major categories of restrictions); and (3) unrestricted.

Net Investment in Capital Assets

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources (effective fiscal year 2015) and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

It is essential that related assets, deferred outflows, liabilities, and deferred inflows be reported within the same category of net position. [Be sure to group restricted assets and their related liabilities and/ or deferred inflows under the same category of Restricted Net Position. Similarly, capital assets and their related liabilities and/ or deferred inflows should be under Net Investment in Capital Assets.] This prevents one classification from being overstated while another is understated by a similar amount.

Unspent Debt Proceeds: If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should not be included in the calculation of "net investment in capital assets". Rather, that portion of the debt should be included in the same net position component as the unspent proceeds, in this case, restricted for capital projects. Therefore, if no capital assets have been purchased or constructed from the debt proceeds, the entire amount of the debt would reduce net position "restricted for capital projects". If some capital assets have been purchased or constructed from the debt proceeds, that portion of the debt would be considered "capital-related." The remainder, the unspent portion of the debt, would be included in the calculation of net position "restricted for capital projects". Generally, the effect of unspent debt proceeds on net position will be negligible—restricted cash will approximate related debt outstanding.

All uses of bond proceeds do not have to be categorized to determine how much of the debt actually relates to assets that have been capitalized. Unless a significant portion of the debt proceeds is spent for noncapitalizable purposes, the entire amount should be considered "capital-related."

If debt is issued to refund existing capital-related debt, the new debt is also considered capital-related. Even though the direct connection between the capital assets and the debt issued to finance the construction or acquisition has been eliminated, the replacement debt assumes the capital characteristics of the original issue.

Unamortized debt issue costs and deferred amounts from refunding "follow the debt" in calculating net position components for the statement of net position. That is, if the debt is capital-related, the deferred amounts would be included in the calculation of "net investment in capital assets." If the debt is restricted for a specific purpose and the proceeds are unspent, the net proceeds would affect "restricted net position."

The state issues bonds to construct/renovate capital assets of other entities (e.g., local governments and colleges/universities). The bonds are a liability of the state, but the buildings will be reported as capital assets of the other respective entities. Because the state acquires no capital assets, the debt is not "capital-related" to the state. Therefore, the effect of the noncapital debt should be reflected in the unrestricted net position component. The fact that the bonds are related to capital assets of another entity does not make the debt "capital" debt of the issuing government even though the assets acquired may benefit its residents. The government has incurred a liability, decreasing its net position, with no corresponding increase in its capital or financial assets.

Restricted Net Position

Net position should be reported as restricted when constraints placed on net position use are either:

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments.
2. Imposed by law through constitutional provisions.

The basic concept is that restrictions are not unilaterally established by the reporting government itself, and cannot be removed without the consent of those imposing the restrictions. This category of net position is intended to identify resources that were received or earned by the government with an explicit understanding between the government and the resource providers that the funds would be used for a specific purpose. For example, grants, contributions, and donations are often given under those kinds of conditions. Bond indentures similarly limit the use of proceeds. Also, a State law authorizing a component unit to levy or charge a tax or fee, the proceeds which can only be used for specified purposes, is a restriction imposed by an external party (i.e., the State) and any related net position should be reported by the component unit as restricted.

The specific purpose of a restriction must be narrower than the reporting government itself. For example a grant to a college that may be used only for educational purposes should not be considered restricted, since the purpose of the grant is as broad as that of the college itself. A true restriction must impose a real limitation on the use of resources.

This category of net position should represent restricted assets on the accrual basis reduced by liabilities and deferred inflows of resources that relate to those specific assets. A liability or deferred inflow relates to restricted assets if the asset results from incurring the liability/ deferred inflow or if the liability/ deferred inflow will be liquidated with the restricted assets. Examples of related liabilities/ deferred inflows of resources include the following:

* Unspent portion of capital debt related to amounts restricted for capital projects.
* Unspent portion of noncapital debt related to amounts restricted for education.
* Accrued interest related to funds restricted for debt service.
* Compensated absence accruals related to federal grant reimbursements. (Note: Generally, compensated absences will reduce unrestricted net position. However, compensated absences will be considered related liabilities if they are reimbursable expenses when earned).
* No category of restricted net position can be negative. If liabilities and deferred inflows of resources that relate to restricted assets exceed those assets, no balance should be reported; the negative amount should be reported as a reduction of unrestricted net position.

When permanent endowments, permanent fund principal amounts, or minority interest in a component unit are included, "restricted net position" should be displayed in two additional components expendable and nonexpendable. Nonexpendable net position is those that are required to be retained in perpetuity or that represent minority interests in component units.

In the notes to the financial statements, the summary of significant accounting policies should disclose the government’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Unrestricted Net Position

Unrestricted net position is the "residual" component of net position. It consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Situations where the State's internal governing body (General Assembly) places restrictions on existing resources or earmarks existing revenue sources are considered to be constraints that are internally imposed. In these situations, the government does not obtain funds under restrictive conditions; thus, the limitations imposed indicate designations, not restrictions. Such internally dedicated net position should be presented as unrestricted.

Designations of net position should not be reported on the face of the statement of net position.

Unrestricted net position may be a negative number to the extent that a government has elected to fund certain long-term liabilities (compensated absences) as they come due rather than when they are incurred. Agencies should be certain that all liabilities payable and deferred inflows of resources from restricted sources have been reported as part of the restricted net position component.

**GUIDELINES FOR CALCULATIING NET POSITION:**

**Net investment in capital assets** should be computed first and is calculated as follows:

Capital assets (depreciable plus nondepreciable)

Less: Accumulated Depreciation

Less: Outstanding balances of borrowings for capital asset acquisition, construction, or improvement (including face amount and premiums or discounts of bonds, mortgages, notes, and other borrowings)

Plus: Deferred outflows of resources attributable to capital asset acquisition, construction, or improvement

Less: Deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt

Equals: Net Investment in Capital Assets

**Restricted Net Position** should be computed next as follows:

Restricted Assets

Less: Liabilities related to restricted assets

Less: Deferred inflows of resources related to restricted assets

Equals: Restricted Net Position

Liabilities related to restricted assets include liabilities:

 1) To be liquidated with restricted assets;

 2) Arising from the same resource flow that results in restricted assets.

Note that deferred outflows of resources are not included in restricted net position.

**Unrestricted Net Position** is the residual amount that should be calculated last as follows:

Total Net position

Less: Net Investment in Capital Assets

Less: Restricted Net Position

Equals: Unrestricted Net Position

** Community College Year-end ACFR Package Review Checklist**

## Prepare Exhibits A & B, Capital Assets worksheet, Long-term Liabilities worksheet, Analytical Review, and all other ACFR footnote worksheets in Year-End ACFR Package file.

Exhibits A & B are in balance with no error messages. **State aid received from the Coronavirus Relief Fund and Federal aid received for coronavirus relief including the CARES Act should be reported separately on Exhibit B. The lines on Exhibit B for reporting purposes are shown highlighted in GOLD.**

1. Capital Assets worksheet is complete.
2. The Excel file is saved as the assigned ACFR filename for the college listed in the instructions with the .xlsx.

**REVIEW FINANCIAL STATEMENTS and ACFR worksheets**

1. Statement of Net Position (Exhibit A) must be in balance (Total Assets – Total Liabilities = Total Net Position)
2. There should be no error messages on Exhibits A and B or anywhere in the workbook.

**The DASHBOARD tab should contain all blue OK designations. OSC will not accept templates with any red ERROR messages.**

**IMPORTANT:**

1. Beginning fund equity on Exhibit B must equal the prior year ending fund equity in total for the college per the prior year ACFR. Any change must be reflected in the Restatement line. **The college’s package will not be accepted by OSC if submitted with the beginning fund equity not agreeing to the prior year ending per ACFR.** The ending fund equity per prior year ACFR has been provided in a table that will link in to the “Net position – beginning of year” cell on Exhibit B.
2. Total fund equity on Exhibit A must equal the ending fund equity on Exhibit B.
3. Due to and Due from accounts within the college should have been eliminated against the related revenues and expenses.
4. The amount reported as Restricted due from Primary Government on Exhibit A should represent the amount due from the System Office, including the Higher Ed bond money, for capital projects. This amount has been determined by the NC Community College System office, and the college must confer and agree with the System Office on the amount before the package is submitted. **Do not** report the Restricted Due from Primary government amount on any additional ACFR worksheet in the package.
5. There should not be any amounts reported as Due from Primary Government on Exhibit A unless the threshold amount of **$1,000,000** is met. Amounts below the threshold should be classified for ACFR reporting as accounts receivable. Only amounts of $1 million dollars or more need to be classified as “Due from Primary Government.” **Note:** There is no longer a schedule of Due from Primary Government included in the ACFR package for community colleges. If the college has an amount that meets the 1 million dollar threshold, OSC will contact the college for further information.
6. The amount reported as Due to Primary Government on Exhibit A should include any amounts (no threshold) owed to these funds: Department of Administration Motor Fleet (Motor pool) ; State Computer Center (ITS); and State Telecommunications (Phone). These amounts should be reported on the Schedule of Due to Primary Government. If there are any other amounts included in the Due to Primary Government caption on Exhibit A, the threshold amount of $1,000,000 must be met (see instructions below). Except for amounts owed to the funds listed above, any amounts below the $1,000,000 threshold should not be reported in Due to Primary Government; these should be classified for ACFR reporting as accounts payable. The total per the schedule of Due to Primary Government must tie to Exhibit A.
7. Mandatory and nonmandatory transfers should have been eliminated against each other.

ACCOUNT CLASSIFICATIONS

1. Check for reasonableness (account balances are normal) and **proper classifications** of accounts.

FINAL REVIEW:

1. Letter of certification has been prepared and signed by both the chief executive officer and chief financial officer and electronically submitted to the OSC by **August 26, 2024**
2. . Send to the [OSC Year-End Financial Reporting Packages SharePoint site](https://ncconnect.sharepoint.com/sites/CAFR/).
3. The ACFR package has been e-mailed by **August 26, 2024** to the [OSC Year-End Financial Reporting Packages SharePoint site](https://ncconnect.sharepoint.com/sites/CAFR/). **Earlier submission is strongly encouraged!**
4. Full college name is included in the subject line for the e-mail to the OSC.
5. The Statement of Cash Flows should NOT be submitted with your ACFR package; however, you are required to disclose in the letter of certification that the college’s formal financial statements including the statement of cash flws using the direct method, as well as the formal notes and the formal management’s discussion and analysis will be prepared and available for the auditor by **September 19, 2024**. Colleges should NOT submit their formal financial statements and notes to the OSC.
6. **Colleges that have Foundations that are not blended but meet the criteria for reporting as a discretely presented component unit of the college must submit the Foundation Conversion Template to OSC by September 11, 2024.** Send to the [OSC Year-End Financial Reporting Packages SharePoint site](https://ncconnect.sharepoint.com/sites/CAFR/).

**QUESTIONS?** Please call John Krellner at (919) 707-0474 e-mail John.Krellner@ncosc.gov **THANK YOU!**