



Asheville-Buncombe Technical
Community College

Financial Statements

June 30, 2013

(With Independent Auditors' Report thereon)



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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

- Independent Auditors' Report -

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

Report on the Financial Statements

We have audited the financial statements of Asheville-Buncombe Technical Community College (the "College"), a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Asheville-Buncombe Technical Community College Foundation (the "Foundation"), the College's discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2013, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Others Matters

New Accounting Pronouncements

The College adopted the provisions of Government Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in 2013. Our opinion is not modified with respect to these changes.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 19, be presented to supplement the basic financial statements. Such information, 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 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 a report dated May 21, 2014, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. Accordingly, we express no opinion. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Asheville, North Carolina
May 21, 2014

Dixon Hughes Goodman LLP



THE FINANCIAL STATEMENTS

In accordance with GASB Statements 34 and 35, the enclosed report focuses on the financial condition of the College, the results of operations, and cash flows of the College as a whole. As required, this report contains three basic financial statements and supplementary information:

Statement of Net Position: This statement includes all assets and liabilities. The College's net position (the difference between assets and liabilities) 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 under 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 on the statements.



FINANCIAL HIGHLIGHTS










Statement of Net Position

Below is a condensed comparative analysis between the Statement of Net Position (Exhibit A-1) contained herein and for the fiscal years ended June 30, 2013 and 2012 followed by a discussion on the changes in assets, liabilities, and net position.

Condensed Statement of Net Position				
For the Year Ended June 30, 2013				
With Comparative Data for the Year Ended June 30, 2012				
	2013	2012	Change	
			Amount	Percent
Assets				
Current	\$ 10,148,640.79	\$ 8,742,601.29	\$ 1,406,039.50	16.08%
Capital Assets, Net	72,005,459.24	71,299,655.60	705,803.64	0.99%
Other Noncurrent Assets	739,187.11	363,597.69	375,589.42	103.30%
Total Assets	82,893,287.14	80,405,854.58	2,487,432.56	3.09%
Liabilities				
Current	3,517,372.70	3,044,773.75	472,598.95	15.52%
Noncurrent	2,510,004.14	2,352,321.79	157,682.35	6.70%
Total Liabilities	6,027,376.84	5,397,095.54	630,281.30	11.68%
Net Position				
Invested in Capital Assets, Net of Related Debt	71,925,887.78	71,177,456.70	748,431.08	1.05%
Restricted Assets	1,000,465.66	698,206.76	302,258.90	43.29%
Unrestricted Assets	3,939,556.86	3,133,095.58	806,461.28	25.74%
TOTAL NET POSITION	\$ 76,865,910.30	\$ 75,008,759.04	\$ 1,857,151.26	2.48%

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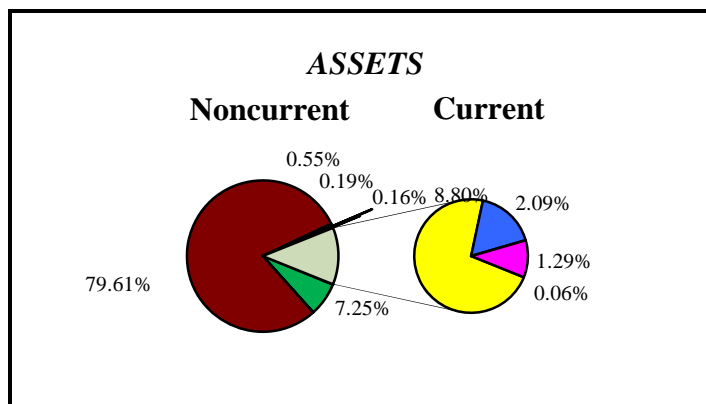
The assets of the College are divided between current and noncurrent assets. Current assets include cash and cash equivalents, receivables, inventories, prepaid items, and notes receivable for student loans. Noncurrent assets consist of cash and cash equivalents, receivables and net capital assets. Capital assets are defined as land, construction in progress, buildings, infrastructure, and equipment with a cost of \$5,000 or more and a useful life of more than one year. The College's net capital assets are stated at historical cost less depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 75 years for general infrastructure, 10 to 100 years for buildings and 5 to 30 years for equipment.

Current Assets		
Cash and Cash Equivalents	\$ 7,294,325.41	
Receivables, Net	1,735,231.43	
Inventories	1,073,252.77	
Prepaid Items	45,831.18	
TOTAL CURRENT ASSETS	10,148,640.79	
Noncurrent Assets		
Capital Assets - Nondepreciable	6,013,715.28	
Capital Assets - Depreciable	65,991,743.96	
Cash and Cash Equivalents	459,083.74	
Receivables, Net	145,101.47	
Due from Primary Government	135,001.90	
TOTAL NONCURRENT ASSETS	72,744,646.35	
TOTAL ASSETS	\$ 82,893,287.14	

The composition of assets at June 30, 2013 is presented in the table to the left and illustrated in the graph below.

Assets increased from the prior year by \$2,487,432.56 as illustrated in the Condensed Statement of Net Position on page 2. Current assets increased by \$1,406,039.50. The change in cash and cash equivalents, inventories, and prepaid items is negligible. Net receivables increased by \$906,693.12 as a result of changing the allowance for doubtful accounts estimate.

Further, notes receivable increased by \$369,068.58 due to a rise in federal direct student loans transactions.



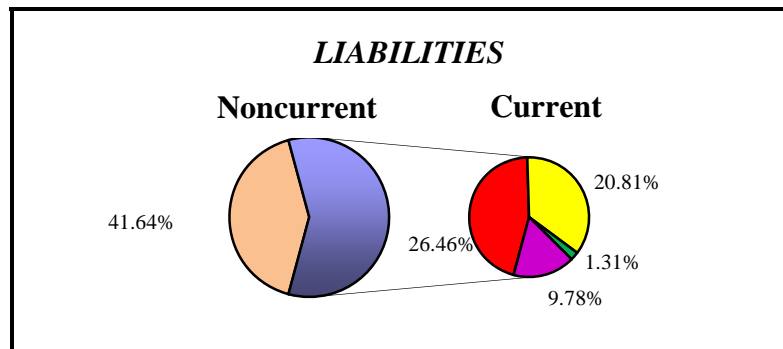
Change in Capital Assets	
Capital Assets	
Construction in Progress	\$ (895,218.14)
Buildings	3,022,456.64
Equipment	937,589.58
Accumulated Depreciation	
Buildings	(1,795,369.99)
Machinery and Equipment	(427,594.08)
General Infrastructure	(136,060.37)
TOTAL CAPITAL ASSETS	\$ 705,803.64

Net capital assets increased from the prior year by \$705,803.64 as shown in the table to the left. Further discussion of capital assets can be found on page 12. Other noncurrent assets rose by \$375,589.42. This change consists of an increase in cash and cash equivalents of \$404,415.41 and a combined decrease in receivables of \$28,825.99.

Additional details for the composition of assets are available in Exhibit A-1 and Notes 1-D, 1-E, 1-F, 1-G 1-H, 2, 3, 4, and 5.

LIABILITIES

The College’s liabilities are divided between current liabilities payable within twelve months and noncurrent liabilities that extend beyond a year. Current liabilities consist of amounts due to vendors for goods and services, unearned tuition revenue, funds held for others, the current portion of a capital lease payable, and the current portion of compensated absences. Noncurrent liabilities are the noncurrent portion of capital lease payable and compensated absences.



The chart above and the following table present the composition of liabilities on June 30, 2013.



Management Discussion and Analysis (CONTINUED)

Current Liabilities		
Accounts Payable	\$ 1,595,139.44	
Unearned Revenue	1,254,425.14	
Funds Held for Others	78,092.75	
Long-Term Liabilities	<u>589,715.37</u>	
Subtotal Current Assets	3,517,372.70	
Noncurrent Liabilities		
Long-Term Liabilities	<u>2,510,004.14</u>	
Subtotal Noncurrent Assets	2,510,004.14	
TOTAL LIABILITIES	<u>\$ 6,027,376.84</u>	

The Condensed Statement of Net Position, on page 2 shows that current liabilities increased over the prior year by \$472,598.95. The detailed change in current liabilities is shown in the below table.

The increase in accounts payable and accrued liabilities is primarily the result of the college having undesignated excess financial aid on hand. During 2013-2014, the College

will determine its portion of the financial aid and will distribute it accordingly (i.e. tuition, fees, bookstore, etc.), then it will distribute the remaining aid to the applicable students.

The College's long-term liabilities are capital lease payable which decreased by \$46,390.71 and compensated absences which increased by \$204,073.06.

Additional details for the composition of liabilities are available in Exhibit A-1 and Notes 1-I, I-J, 6, 7, 8, and 14.

Change in Current Liabilities	
Accounts Payable & Accrued Liabilities	\$ 358,972.50
Due to Primary Government	(11,527.62)
Unearned Revenue	126,859.86
Funds Held for Others	12,945.27
Long-Term Liabilities-Current Portion	<u>(14,651.06)</u>
TOTAL CHANGE IN CURRENT LIABILITIES	<u>\$ 472,598.95</u>

NET POSITION

Net position is a measure of the value of all College’s assets less liabilities. The College’s net position is summarily categorized as Invested in Capital Assets, Net of Related Debt, Restricted, and Unrestricted. Invested in Capital Assets represents the College’s total investment in capital assets less depreciation and related debt. Restricted assets include resources which must be spent in accordance with restrictions imposed by external parties. Restricted assets generally include capital, endowment, grant, and gift funds. Unrestricted assets include resources derived from sources not previously identified. The table below recaps the College’s net position as presented on the Condensed Statement of Net Position on page 2.

Net Position	
Invested in Capital Assets, Net of Related Debt	\$ 71,925,887.78
Restricted Assets	1,000,465.66
Unrestricted Assets	<u>3,939,556.86</u>
TOTAL NET POSITION	<u>\$ 76,865,910.30</u>

Changes in net position are the direct result of increases and decreases in the College’s assets and liabilities. An increase in assets increases net position; whereas, a decrease in assets decreases net position. An increase in liabilities decreases net position; conversely, a decrease in liabilities increases net position. The increase in assets of \$2,487,432.56 combined with the increase in liabilities of \$630,281.30 results in an increase in net position of \$1,857,151.26. The dramatic increase in net position is attributed to the change in student related receivables, specifically the corrected calculation of the allowance for doubtful accounts and additional federal direct student loan transactions.

Additional information on net position is available in Exhibit A-1 and Note 1-K.



Management Discussion and Analysis (CONTINUED)

Statement of Revenues, Expenses and Changes in Net Position

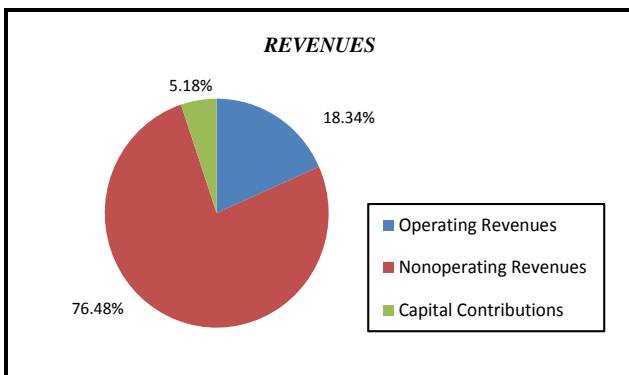
Below is a condensed comparative analysis of the June 30, 2013 Statement of Revenues, Expenses, and Changes in Net Position (Exhibit A-2) contained herein and the year ended June 30, 2012, followed by discussion on changes in revenues and expenses.

Statement of Revenues and Expenses and Changes in Net Position For the Year Ended June 30, 2013 with Comparative Data for the Year Ended June 30, 2012				
	<u>2013</u>	<u>2012</u>	<u>Change</u>	
			<u>Amount</u>	<u>Percent</u>
Operating Revenues				
Student Tuition & Fees	\$ 8,878,146.54	\$ 8,206,540.12	\$ 671,606.42	8.18%
Sales and Services	3,276,739.41	3,358,968.21	(82,228.80)	(2.45%)
Other Revenues	8,731.18	32,679.44	(23,948.26)	(73.28%)
Total Operating Revenues	12,163,617.13	11,598,187.77	565,429.36	4.88%
Operating Expenses				
Salaries and Benefits	37,533,910.66	35,028,873.35	2,505,037.31	7.15%
Supplies & Materials	8,680,340.16	7,553,537.20	1,126,802.96	14.92%
Services	5,488,751.30	4,586,971.87	901,779.43	19.66%
Scholarships	8,554,265.39	8,312,397.31	241,868.08	2.91%
Utilities	1,619,683.06	1,613,321.16	6,361.90	0.39%
Depreciation Amortization	2,597,228.90	3,189,979.93	(592,751.03)	(18.58%)
Total Operating Expenses	64,474,179.47	60,285,080.82	4,189,098.65	6.95%
Nonoperating Revenues/(Expenses)				
Government Appropriations	33,491,206.11	31,768,576.57	1,722,629.54	5.42%
Grants & Gifts	17,282,504.89	16,464,650.60	817,854.29	4.97%
Investment Income	32,334.25	38,845.49	(6,511.24)	(16.76%)
Other Nonoperating Expenses	(73,440.41)	(58,536.06)	(14,904.35)	25.46%
Total Nonoperating Revenues, Net	50,732,604.84	48,213,536.60	2,519,068.24	5.22%
Capital Contributions				
Government Appropriations	3,380,638.64	1,597,936.74	1,782,701.90	111.56%
Grants & Gifts	54,470.12	113,110.84	(58,640.72)	(51.84%)
Total Capital Contributions	3,435,108.76	1,711,047.58	1,724,061.18	100.76%
INCREASE IN NET POSITION	\$ 1,857,151.26	\$ 1,237,691.13	\$ 619,460.13	50.05%

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The College’s revenues are classified as operating, non-operating, and capital contributions. Operating revenues are derived from activities that are necessary and essential to the mission of the College. Nonoperating revenues include activities that have non-exchange characteristics; that is, the College received revenue without providing a good or service. Capital contributions consist of state, and county appropriations, as well as grants and gifts for equipment, construction, building improvements, and infrastructure. The table to the right and the graph below illustrate the composition of the College’s revenues.

Operating Revenues	
Student Tuition & Fees	\$ 8,878,146.54
Sales and Services	3,276,739.41
Other Revenues	<u>8,731.18</u>
Subtotal Operating	12,163,617.13
Nonoperating Revenues	
Government Appropriations	33,491,206.11
Grants & Gifts	17,282,504.89
Investment Income	32,334.25
Other Nonoperating Expenses	<u>(73,440.41)</u>
Subtotal Nonoperating	50,732,604.84
Capital Contributions	
Government Appropriations	3,380,638.64
Grants & Gifts	<u>54,470.12</u>
Subtotal Capital	3,435,108.76
TOTAL REVENUES	<u><u>\$ 66,331,330.73</u></u>



Operating revenues increased by \$565,429.36 over the prior year. The variance in operating revenue from fiscal year 2012 to fiscal year 2013 is shown in the table on the following page. This increase is primarily in Student Tuition and Fees, Net and is the result of multiple factors, including an overall growth in enrollment, as illustrated in the Full Time Equivalency graph on the

next page; an increase in tuition of \$2.50 per credit hour; an increase in the number of courses subject to consumable supplies fees; and summer classes taught as self supporting at \$90.00 per credit hour as opposed to the fall and spring rate of \$69.00 per credit hour.



Management Discussion and Analysis (CONTINUED)

Nonoperating revenues rose by \$2,519,068.24. The largest rise in nonoperating revenue is in government appropriations which realized an increase in state appropriations of \$1,722,629.54 as a result of an upswing of FTE. Increased state and federal grants for student financial assistance account for the \$817,854.29 rise in gifts and grants revenue.

Change in Operating Revenues	
Student Tuition and Fees, Net	\$ 671,606.42
Sales and Services, Net	(82,228.80)
Other Operating Revenue	<u>(23,948.26)</u>
TOTAL CHANGE IN OPERATING REVENUE	<u><u>\$ 565,429.36</u></u>

Capital revenue increased by \$1,724,061.18. Of this variance, \$1,065,549.09 is due to an increase in state appropriations and an increase in county appropriations of \$717,152.81. The College transferred nonoperating state appropriations into capital appropriations to supplement equipment funds. The county appropriations rose as a result of the county financing alterations to the buildings at the Enka Campus and to the Asheville Campus' facility at 93 Victoria Road.

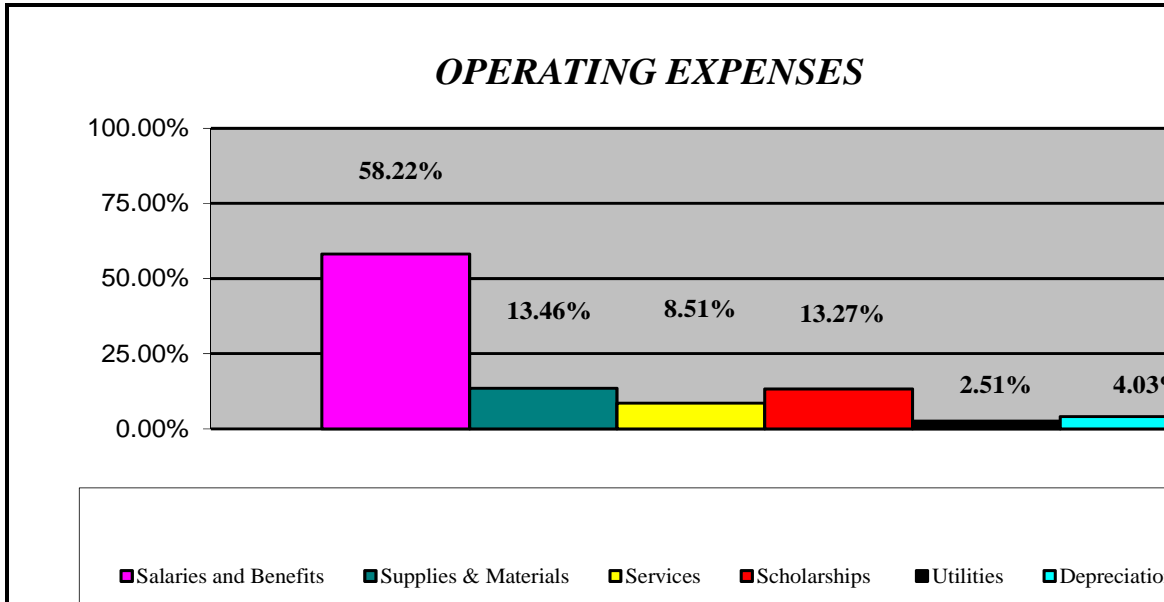
More information on the composition of revenues can be found in Exhibit A-2 and Notes 1-L, 1-M, 1-N, 1-O, and 9.

E X P E N S E S

Operating expenses are necessary and essential to the mission of the College; these include all expenses with the exception of expenses related to investing, capital and related financing and noncapital financing activities. Depreciation is recognized as an operating expense in accordance with generally accepted accounting principles.

Operating Expenses	
Salaries and Benefits	\$ 37,533,910.66
Supplies & Materials	8,680,340.16
Services	5,488,751.30
Scholarships	8,554,265.39
Utilities	1,619,683.06
Depreciation Amortization	<u>2,597,228.90</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 64,474,179.47</u></u>

The table to the left and the graph on page 10 illustrate the composition of expenses.



The table to the right shows the change in expenses from 2011-12 to 2012-13. With the exception of depreciation, all categories of expenses rose. The cost for salaries and benefits increased over the prior year as a result of a 1.2% raise in salaries and a one-time bonus. Employer benefits also increased by \$387,091.94.

Change in Expenses	
Salries and Benefits	\$ 2,505,037.31
Sullplies & Materials	1,126,802.96
Services	901,779.43
Scholarships	241,868.08
Utilities	6,361.90
Depreciation	(592,751.03)
TOTAL CHANGE IN OPERATING EXPENSES	\$ 4,189,098.65

Supplies and materials expenses increased as a result of rising enrollment and an increase in equipment purchases that did not meet the criteria for capitalization. Expenses related to services show an increase of \$901,779.43. Services include: contracts, travel, communication, printing and binding, service agreements and advertising. Increases in these sub-categories account for the overall increase in services.

More information on expenses can be found in Exhibit A-2 and Notes 1-M, 10, 11, and 12.



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The change in net position is the difference between total revenues and total expenses. The change in net position as presented in Exhibit A-2 is an increase of \$1,857,151.26, bringing the College's total net position to \$76,865,910.30, as illustrated in the chart below. The change in net position from June 30, 2012 to June 30, 2013 is a function of the changes in revenues and expenses as previously discussed.

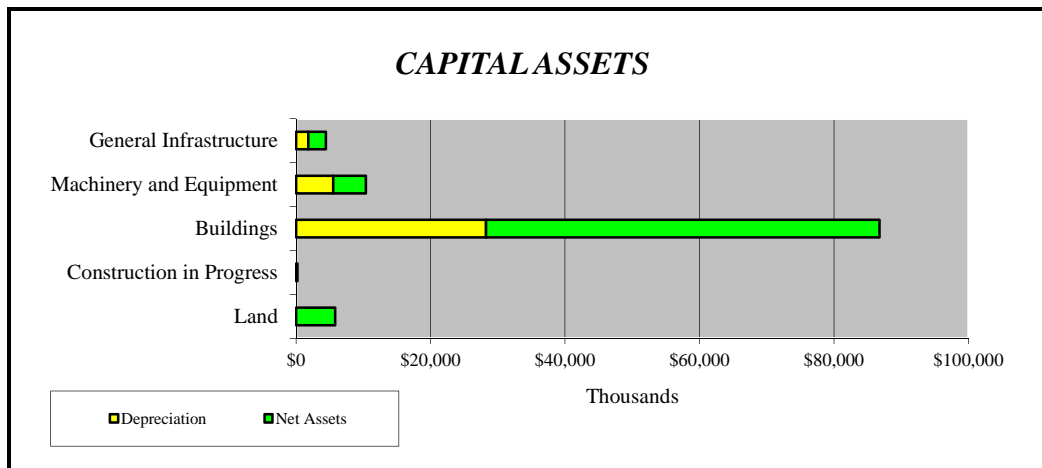
Other factors affecting net position are the reversion of state appropriations and the non-reversion of county appropriations. Unexpended state aid reverts at fiscal yearend and, therefore, only increases the College's assets through capital asset additions, that is, equipment costing \$5,000 or greater and state funded construction.

Unexpended county appropriations do not revert and therefore increase net position. Federal funding does not typically affect the change in net position since federal awards are primarily for financial assistance. Other federal grants are funded on a reimbursement basis and therefore do not significantly contribute to the College's financial position.

Change in Net Position	
Beginning Net Position	\$ 75,008,759.04
Revenues	
Operating	12,163,617.13
Nonoperating	50,732,604.84
Capital Contributions	<u>3,435,108.76</u>
Subtotal Revenues	66,331,330.73
Expenses	
Operating	<u>64,474,179.47</u>
Subtotal Expenses	<u>64,474,179.47</u>
Change in Net Position	<u>1,857,151.26</u>
ENDING NET POSITION	<u><u>\$ 76,865,910.30</u></u>

CAPITAL ASSETS

As of June 30, 2013 the College recorded \$107,572,175.87 invested in capital assets, \$35,566,716.63 in accumulated depreciation, resulting in net capital assets of \$72,005,459.24. The composition of capital assets is detailed in Note 5 and is illustrated below.



In November 2011, Buncombe county voters passed a referendum to increase sales tax on specific purchases by .25% for the purpose of funding all projects on the College’s facilities master plan. The increase in sales tax sunsets in seventeen years during which time the College expects to receive \$129 million. Projects on the facilities master plan include the construction of new buildings, renovation of existing buildings, and purchase of existing buildings, as well as constructing parking lots and sidewalks.

Use of the sales tax funds began in earnest during 2012-2013. The College replaced a chiller at the Enka Campus. This improvement increased the useful life of the Haynes Building; thus, increasing the value of the building by \$802,924.93. Buncombe County acquired property adjacent to the College’s Asheville Campus. Sales tax funds were used to purchase and to make major improvements to the 93 Victoria Road property. Improvements cost \$336,447.18. The College currently has a nominal lease arrangement with the County. The College will take possession of the property in 2028, when the sales tax sunsets. In accordance with generally accepted accounting principles; this renovation is recognized as an increase in the College’s building assets. Sales tax revenue is currently being used for sidewalk and parking lot construction in the amount of \$205,411.28.



Management Discussion and Analysis (CONTINUED)

During fiscal year 2014, use of these tax revenues will include capital improvements at the Enka Campus. Also, in 2014, most notably, construction will begin on an Allied Health and Workforce Development Building,

In October 2012, the College discovered lead in its Hemlock Building. The lead was successfully removed leaving Hemlock's interior in disarray and in need of a new HVAC system. Reconstruction of the interior of the Hemlock Building was finalized during the 2013 fiscal year at a cost of \$1,883,084.53. Buncombe County appropriations made this restoration possible. County appropriations are also being used to build an access road around the Hemlock Building. At June 30, 2013, the College spent \$9,790.00; additional appropriations will be used to complete the project during 2013-2014.

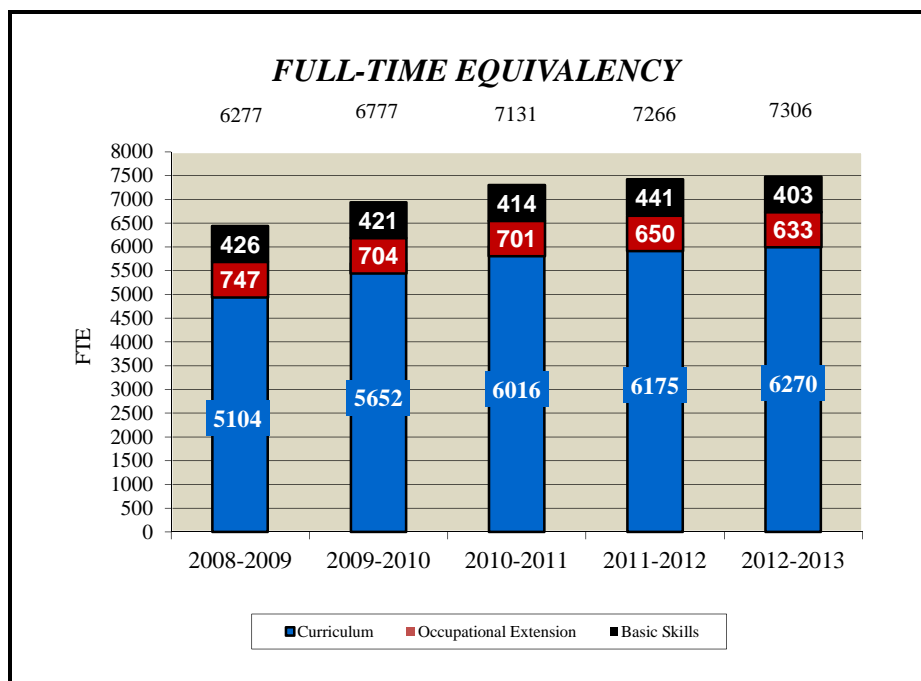
During 2012-2013, the College repaired and made minor renovations to existing facilities. Although necessary and because changes were minor, the repairs and renovations did not increase the value of the buildings or extend their useful life; therefore, these improvements are not reflected as additions to buildings on the Summary of Changes in Capital Assets (Note 5).

The College does not issue debt to fund capital assets. The primary funding sources for equipment expenditures are state and county appropriations. Construction expenditures are funded by state issued general obligation bonds, county appropriations, and funds generated from college operations.

THE COLLEGE’S FINANCIAL POSITION

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 impact 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 three preceding years’ FTE. The table below illustrates the College’s budget FTE for the past five years.



To maintain its fiscal stability without capping enrollment, the College is continuing to expand its offering of night, weekend and “mini semester” classes and restructure facilities usage. The College reviews existing programs for continuing viability and reviews new program proposals on a regular basis.

The State of North Carolina continues to struggle through the economic. However, the General Assembly recognized the importance of community colleges’ training and retraining dislocated workers by fully funding enrollment growth. In spite of this recognition and in an effort to balance the State’s 2013-14 budget, the General Assembly



Management Discussion and Analysis (CONTINUED)

ratified an immediate budget reduction for community colleges. In accordance with state legislation, the College has reverted \$2,075,663.00 or approximately 5.38% of its 2013-14 State funded unrestricted operating budget.

Appropriations from Buncombe and Madison Counties are primarily for plant operations, maintenance and capital asset repairs and renovation. For the budget year 2013-14 Madison County's appropriation is consistent with the prior year. However, Buncombe County reduced the College's appropriation by \$2,000,000.00. Because county appropriations do not revert, the College has the funds to cover the reduction.

The College is also seeking alternative entrepreneurial revenue sources and other options that allow the College to generate non-state, non-county revenues. Examples of options implemented include offering all summer class as self supporting so that the College retains the revenue and increasing the number of high cost programs charging consumable supply fees.

THE COLLEGE'S FINANCIAL FUTURE

What can the College expect in the future?

The College is experiencing a decline in FTE as it begins the Fall 2014 semester. Historically, a decline in the economy results in a growth of enrollment as individuals who have lost their jobs return to college for training and retraining. As the economy continues to struggle, the trend is for FTE to level off or decrease as a result of students exhausting their federal and state benefits. Some of these benefits include unemployment, vocational rehabilitation, and student financial assistance. Another factor is students, who have graduated, following retraining, are returning or are attempting to return to the workforce. Although the economic downturn will hamper industries from locating in North Carolina and will slow down the expansion of existing industries in the State, the College will provide training for new and expanding industries, as well as develop partnerships with these industries that will enhance educational opportunities and economic growth.

It is widely known and publicized that the road to economy recovery runs through North Carolina's community colleges. The Asheville-Buncombe Technical Community College is confident in its financial stability and ability to attract citizens to higher education. The College's Board of Trustees and Administration are 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.





Statement of Net Position

June 30, 2013

Exhibit A-1

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 7,056,663.57
Restricted Cash and Cash Equivalents	237,661.84
Receivables, Net (Note 4)	1,425,373.72
Inventories	1,073,252.77
Prepaid Items	45,831.18
Notes Receivable, Net (Note 4)	309,857.71
	<hr/>
Total Current Assets	10,148,640.79

Noncurrent Assets:

Restricted Cash and Cash Equivalents	459,083.74
Receivables, Net (Note 4)	145,101.47
Restricted Due from Primary Government	135,001.90
Capital Assets - Nondepreciable (Note 5)	6,013,715.28
Capital Assets - Depreciable, Net (Note 5)	65,991,743.96
	<hr/>
Total Noncurrent Assets	72,744,646.35

Total Assets

82,893,287.14

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 6)	1,595,139.44
Unearned Revenue	1,254,425.14
Funds Held for Others	78,092.75
Long-Term Liabilities - Current Portion (Note 7)	589,715.37
	<hr/>
Total Current Liabilities	3,517,372.70

Noncurrent Liabilities:

Long-Term Liabilities (Note 7)	2,510,004.14
	<hr/>

Total Noncurrent Liabilities

2,510,004.14

Total Liabilities

6,027,376.84

NET POSITION

Net Investment in Capital Assets	71,925,887.78
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Restricted for:

Nonexpendable:

Scholarships and Fellowships	54,668.33
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Expendable:

Scholarships and Fellowships	44,959.39
Loans	8,460.42
Capital Projects	429,984.40
Restricted for Specific Programs	445,883.50
Other	16,509.62

Unrestricted

3,939,556.86

Total Net Position

\$ 76,865,910.30

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



**Statement of Revenues, Expenses,
 and Changes in Net Position**
June 30, 2013
Exhibit A-2

REVENUES

Operating Revenues:	
Student Tuition and Fees, Net (Note 9)	\$ 8,878,146.54
Sales and Services, Net (Note 9)	3,276,739.41
Other Operating Revenues	8,731.18
	12,163,617.13
Total Operating Revenues	12,163,617.13

EXPENSES

Operating Expenses:(Note 10)	
Salaries and Benefits	37,533,910.66
Supplies and Materials	8,680,340.16
Services	5,488,751.30
Scholarships and Fellowships	8,554,265.39
Utilities	1,619,683.06
Depreciation/ Amortization	2,597,228.90
	64,474,179.47
Total Operating Expenses	64,474,179.47
Operating Loss	(52,310,562.34)

NONOPERATING REVENUES (EXPENSES)

State Aid	25,339,004.11
County Appropriations	8,152,202.00
Noncapital Grants - Student Financial Aid	15,431,105.74
Noncapital Grants	1,268,546.27
Noncapital Gifts	582,852.88
Investment Income	32,334.25
Interest and Fees on Debt	(8,741.28)
Other Nonoperating Revenues (Expenses)	(64,699.13)
	50,732,604.84
Net Nonoperating Revenues	50,732,604.84
Income Before Other Revenues, Expenses, Gains, and Losses	(1,577,957.50)

State Capital Aid	2,454,997.64
County Capital Aid	925,641.00
Capital Grants	35,860.00
Capital Gifts	18,610.12
	1,857,151.26
Increase (Decrease) in Net Position	1,857,151.26

NET POSITION

Net Position, July 1, 2012	75,008,759.04
Net Position, June 30, 2013	\$ 76,865,910.30

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



Statement of Cash Flows

June 30, 2013

Exhibit A-3

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 11,440,495.86
Payments to Employees and Fringe Benefits	(37,363,887.77)
Payments to Vendors and Suppliers	(15,677,376.31)
Payments for Scholarships and Fellowships	(8,554,265.39)
Loans Issued to Students	(371,528.73)
Collection of Loans to Students	(8,617.46)
Other Receipts (Payments)	(34,363.55)
	<hr/>
Net Cash Provided (Used) by Operating Activities	(50,569,543.35)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Aid Received	25,339,004.11
County Appropriations	8,152,202.00
Noncapital Grants - Student Financial Aid	15,431,105.74
Noncapital Grants Received	1,315,803.21
Noncapital Gifts and Endowments Received	582,852.88
	<hr/>
Net Cash Provided (Used) by Noncapital Financing Activities	50,820,967.94

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State Capital Aid Received	2,478,928.64
County Capital Aid	930,535.99
Capital Grants Received	35,860.00
Capital Gifts Received	(14,884.33)
Acquisition and Construction of Capital Assets	(3,276,564.06)
Principal Paid on Capital Debt and Leases	(42,627.44)
Interest Paid on Capital Debt and Leases	(8,741.28)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	102,507.52

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	32,334.25
	<hr/>
Net Cash Provided (Used) by Investing Activities	32,334.25
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	386,266.36
Cash and Cash Equivalents, July 1, 2012	7,367,142.79
	<hr/>
Cash and Cash Equivalents, June 30, 2013	\$ 7,753,409.15

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



Statement of Cash Flows

June 30, 2013

Exhibit A-3, page 2

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	\$ (52,310,562.34)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	2,597,228.90
Provision for Uncollectible Loans and Write-Offs	11,077.34
Miscellaneous Nonoperating Income	28,556.12
Changes in Assets and Liabilities:	
Receivables, Net	(912,079.30)
Inventories	(139,433.47)
Prepaid Items	(8,993.11)
Notes Receivable, Net	(380,146.19)
Accounts Payable and Accrued Liabilities	244,639.23
Due to Primary Government	(11,527.62)
Unearned Revenue	113,093.09
Funds Held for Others	12,945.27
Compensated Absences	185,658.73
Net Cash Used by Operating Activities	<u>\$ (50,569,543.35)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:	
Cash and Cash Equivalents	\$ 7,056,663.57
Restricted Cash and Cash Equivalents	237,661.84
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	459,083.74
Total Cash and Cash Equivalents - June 30, 2013	<u>\$ 7,753,409.15</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through Assumption of a Liability	\$ 120,785.28
Assets Acquired through a Gift	18,869.45
Loss on Disposal of Capital Assets	93,255.25

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



Statement of Financial Position
As of June 30, 2013 and 2012

Exhibit B-1

	2013	2012
Current Assets		
<u>Cash and Cash Equivalents</u>		
Cash held by College (STIF)	\$ 1,674,191	\$ 665,860
Petty Cash Fund	500	500
Cash in Bank - Checking	28,160	8,130
Total Cash and Cash Equivalents	1,702,851	674,490
<u>Other Current Assets</u>		
Contributions Receivable	1,028,294	11,760
Grant Revenue Receivable	34,082	29,051
Sales Tax Receivable	2,088	639
Other Current Assets	2,200	
Total Other Current Assets'	1,066,664	41,450
Non-Current Assets		
<u>Funds with Community Foundation</u>		
Foundation Fund		1,044,672
Foundation Endowment - Restricted	3,746,518	3,070,724
Total Funds with Community Foundation	3,746,518	4,115,396
<u>Other Non-Current Assets</u>		
Restricted Cash in Endowment Funds	221,857	191,170
Long-Term Pledge Receivable (Net)	5,235,920	1,384,189
Charitable Remainder Trusts Receivable (Net)	1,429,533	1,267,201
Total Other Non-Current Assets	6,887,310	2,842,560
Total Assets	\$ 13,403,343	\$ 7,673,896
Current Liabilities		
Accounts Payable	\$ 40,787	\$ 26,534
Funs Held for Others	9,712	9,712
Total Current Liabilities	50,499	36,246
Net Assets		
Unrestricted	278,163	318,381
Temporarily Restricted	10,054,554	4,330,664
Permanently Restricted	3,020,127	2,988,605
Total Net Assets	13,352,844	7,637,650
Total Liabilities and Net Assets	\$ 13,403,343	\$ 7,673,896

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



Statement of Activities
For the year ended June 30, 2013
Exhibit B-2

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
Support and Revenue					
Contributions	23,595	\$ 5,571,703	\$ 30,937	\$ 5,626,235	\$ 567,270
Grant Revenue		263,171		263,171	316,568
Contributions-Pledge Amortization		41,525		41,525	40,316
Investment Gains/(Losses)	29,860	351,565		381,425	(93,775)
Change in Value-Charitable Remainder Trusts	162,332			162,332	(40,841)
Special Events Revenue		82,298		82,298	80,600
Interest and Investment Income	19,438	54,241		73,679	69,039
In-Kind Contributions	250,867			250,867	225,729
Net Asset Releases/Reclassifications:					
Released by Expenditure	640,613	(640,613)			
Reclassifications	(587)		587		
Total Support and Revenue	<u>1,126,118</u>	<u>5,723,890</u>	<u>31,524</u>	<u>6,881,532</u>	<u>1,164,906</u>
Expenses					
<u>Program Expenses</u>					
Student Scholarships	294,160			294,160	241,753
Faculty and Staff Mini-Grants	8,776			8,776	22,719
College Personnel Costs	53,024			53,024	58,309
Bus Voucher Program	36,000			36,000	
Grant Funded Expenses	307,029			307,029	329,384
County Referendum Support					177,379
Equipment and Supplies (gifted to College)	29,227			29,227	1,116
Student Stipends	31,060			31,060	33,900
Student Emergency Aid	23,876			23,876	15,240
Technology Projects	10,000			10,000	
Travel	8,971			8,971	
Contributed Services and Facilities	142,428			142,428	92,862
Total Program Expenses	<u>944,551</u>			<u>944,551</u>	<u>972,662</u>
<u>Management and General Expenses</u>					
Administrative Expense	10,847			10,847	21,636
Contracted Services	7,836			7,836	22,812
Investment Management Expense	20,334			20,334	20,519
Contributed Services and Facilities	58,471			58,471	45,883
Software Contracts	14,456			14,456	
Supplies	2,039			2,039	
Professional Development	3,237			3,237	
Total Management and General	<u>117,220</u>			<u>117,220</u>	<u>110,850</u>
<u>Fundraising Expenses</u>					
Fundraising Activities/Events	54,597			54,597	34,129
Contributed Goods/Services-Events	49,968			49,968	86,983
Total Fundraising Expenses	<u>104,565</u>			<u>104,565</u>	<u>121,112</u>
Total Expenses	<u>1,166,336</u>	<u>0</u>	<u>0</u>	<u>1,166,336</u>	<u>1,204,624</u>
Change in Net Assets	(40,218)	5,723,890	31,524	5,715,196	(39,718)
Net Assets, Beginning of Year	318,381	4,330,664	2,988,603	7,637,648	7,677,368
Net Assets, End of Year	<u>\$ 278,163</u>	<u>\$ 10,054,554</u>	<u>\$ 3,020,127</u>	<u>\$ 13,352,844</u>	<u>\$ 7,637,650</u>

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

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 is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds of the College and its component units for which the College's Board of Trustees is financially accountable. The College's component units are either blended or discretely presented in the College's financial statements. The blended component units, although legally separate, are, in substance, part of the College's operations and therefore, are reported as if they were part of the College. Discretely presented component units' financial data are reported in separate financial statements because of their use of different GAAP reporting models and to emphasize their legal separateness.

Discretely Presented Component Unit – Asheville-Buncombe Technical Community College Foundation is a legally separate not-for-profit corporation and is reported as discretely presented component unit based on the nature and significance of its relationship to the College.

The Asheville-Buncombe Technical Community College Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of 32 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 Asheville-Buncombe Technical Community College Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. 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, 2013, the Foundation distributed \$802,123 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Business Services Offices at (828) 398-7166.

- 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 GASB.

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

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

Nonexchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, include state appropriations, 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.
- E. Receivables** - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, Receivables are recorded net of estimated uncollectible amounts.
- F. Inventories** - Inventories, consisting of expendable supplies, are valued at cost using last invoice cost method. Merchandise for resale is valued using the average cost method
- G. Capital Assets** - Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. 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.

Depreciation is computed using the straight-line and/or units of output method over the estimated useful lives of the assets, generally 10 to 75 years for general infrastructure, 10 to 100 years for buildings, and 5 to 30 years for equipment.

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

- I. Noncurrent Long-Term Liabilities** - Noncurrent long-term liabilities includes capital lease obligations and compensated absences that will not be paid within the next fiscal year.
- J. Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each July 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous June 30 plus the leave earned, less the leave taken between July 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on June 30 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the College has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

- K. 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 debt obligations related to those capital assets.

Restricted Net Position - Nonexpendable - Nonexpendable restricted net position includes endowments 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.

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.

- L. 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.
- M. 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.

- N. **Internal Sales Activities** – The College Bookstore provides goods and services to College departments, as well as to its customers. The College’s Early Education Center has student clients whose daycare fees are paid through the College’s state appropriated childcare allotment. 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.
- O. **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

The College is required by *North Carolina General Statute 147-77* to deposit any funds collected or received that belong to the State of North Carolina with the State Treasurer or with a depository institution in the name of the State Treasurer. All funds of the College, other than those required to be deposited with the State Treasurer, are deposited in board-designated official depositories and are required to be collateralized in accordance with *North Carolina General Statute 115D-58.7*. Official depositories may be established with any bank or savings and loan association 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

\$7,376.00, and deposits in private financial institutions with a carrying value of \$170,222.73 and a bank balance of \$432,776.78.

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, 2013, 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, 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, 2013, the amount shown on the Statement of Net Position as cash and cash equivalents includes \$7,575,810.42 which represents the

College's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating) had a weighted average maturity of 1.5 years as of June 30, 2013. Assets and shares of the STIF are valued at amortized cost, which approximates 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 State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

NOTE 3 - DONOR RESTRICTED ENDOWMENTS

The College's endowment assets are pooled with state agencies and similar institutions in short-term investments with the State Treasurer's Cash and Investment Pool and are reported as restricted cash and cash equivalents - noncurrent on the accompanying financial statements. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized, and unrealized, of the assets of the endowment funds. Annual payouts from the College's endowment funds are based on an adopted spending policy, which limits spending to 100% of the interest earnings unless the donor has stipulated otherwise. At June 30, 2013, net appreciation of \$319.68 was available to be spent, all of which was classified in net position as restricted: expendable: scholarships and fellowships as it is restricted for specific purposes



Notes to the Financial Statements
June 30, 2013
(continued)

NOTE 4 - RECEIVABLES

Receivables at June 30, 2013, were as follows

Current Receivables:			
Students	\$ 1,255,471.12	\$ 263,472.99	\$ 991,998.13
Student Sponsors	99,893.05	2,866.41	97,026.64
Vendors	96,776.64	-	96,776.64
Intergovernmental	51,238.71	-	51,238.71
Private Grantors	104,275.03	-	104,275.03
Other	84,058.57	-	84,058.57
	<u>\$ 1,691,713.12</u>	<u>\$ 266,339.40</u>	<u>\$ 1,425,373.72</u>
Total Current Receivables			
Noncurrent Receivables:			
County Appropriations for Construction	\$ 145,101.47	\$ -	\$ 145,101.47
	<u>\$ 145,101.47</u>	<u>\$ -</u>	<u>\$ 145,101.47</u>
Total Noncurrent Receivables			
Notes Receivable:			
Notes Receivable - Current:			
Federal Loan Programs	\$ 367,220.54	\$ 72,161.74	\$ 295,058.80
Institutional Student Loan Programs	25,876.25	11,077.34	14,798.91
	<u>\$ 393,096.79</u>	<u>\$ 83,239.08</u>	<u>\$ 309,857.71</u>
Total Notes Receivable - Current			



Notes to the Financial Statements
June 30, 2013
(continued)

NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2013, is presented as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets, Nondepreciable:				
Land	\$ 5,798,514.00	\$ -	\$ -	\$ 5,798,514.00
Construction in Progress	1,110,419.42	2,127,238.50	3,022,456.64	215,201.28
Total Capital Assets, Nondepreciable	6,908,933.42	2,127,238.50	3,022,456.64	6,013,715.28
Capital Assets, Depreciable:				
Buildings	83,739,420.30	3,022,456.64	-	86,761,876.94
Machinery and Equipment	9,434,128.18	1,269,049.29	331,459.71	10,371,717.76
General Infrastructure	4,424,865.89	-	-	4,424,865.89
Total Capital Assets, Depreciable	97,598,414.37	4,291,505.93	331,459.71	101,558,460.59
Less Accumulated Depreciation/Amortization for:				
Buildings	26,451,448.55	1,795,369.99	-	28,246,818.54
Machinery and Equipment	5,081,602.87	665,798.54	238,204.46	5,509,196.95
General Infrastructure	1,674,640.77	136,060.37	-	1,810,701.14
Total Accumulated Depreciation	33,207,692.19	2,597,228.90	238,204.46	35,566,716.63
Total Capital Assets, Depreciable, Net	\$ 64,390,722.18	\$ 1,694,277.03	\$ 93,255.25	\$ 65,991,743.96

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2013, were as follows:

	Amount
Current Accounts Payable and Accrued Liabilities:	
Accounts Payable	\$ 868,225.33
Accrued Payroll	557,562.43
Construction Contracts Payable	107,804.02
Contract Retainage	12,981.26
Intergovernmental Payables	38,631.14
Other	9,935.26
Total	\$ 1,595,139.44

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities for the year ended June 30, 2013, is presented as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
Capital Leases Payable	\$ 122,198.90	\$ -	\$ 42,627.44	\$ 79,571.46	\$ 46,390.72
Compensated Absences	2,834,489.32	2,046,603.36	1,860,944.63	3,020,148.05	543,324.65
Total Long-Term Liabilities	\$ 2,956,688.22	\$ 2,046,603.36	\$ 1,903,572.07	\$ 3,099,719.51	\$ 589,715.37

NOTE 8 - LEASE OBLIGATIONS

A. Capital Lease Obligations - Capital lease obligations relating to copiers are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2013:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 51,368.73
2015	34,245.81
Total Minimum Lease Payments	85,614.54
Amount Representing Interest (8.49% Rate of Interest)	6,043.08
Present Value of Future Lease Payments	\$ 79,571.46

Machinery and equipment acquired under capital lease amounted to \$210,173.27 at June 30, 2013. Accumulated depreciation for these assets was \$140,115.50 at June 30, 2013.

Depreciation for the capital assets associated with capital leases is included in depreciation expense.



Notes to the Financial Statements
June 30, 2013
(continued)

B. Operating Lease Obligations - The College entered into operating leases for equipment. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2013:

<u>Fiscal Year</u>	<u>Amount</u>
2014	<u>\$ 7,140.00</u>
Total Minimum Lease Payments	<u>\$ 7,140.00</u>

Rental expense for all operating leases during the year was \$18,030.05.

NOTE 9 - REVENUES

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

	<u>Gross Revenues</u>	<u>Sales Eliminations</u>	<u>Scholarship Discounts</u>	<u>Allowance for Uncollectibles*</u>	<u>Net Revenues</u>
Operating Revenues:					
Student Tuition and Fees	<u>\$ 14,489,579.53</u>	<u>\$ -</u>	<u>\$ 5,327,783.84</u>	<u>\$ 283,649.15</u>	<u>\$ 8,878,146.54</u>
Sales and Services:					
Sales and Services of Auxiliary Enterprises:					
Bookstore	\$ 4,440,788.34	\$ 63,223.92	\$ 2,033,101.61	\$ 65,929.33	\$ 2,278,533.48
Rent	349,495.36	-	-	-	349,495.36
Vending	82,420.12	-	-	-	82,420.12
Other	908.10	-	-	-	908.10
Sales and Services of Education and Related Activities	<u>569,423.80</u>	<u>4,041.45</u>	<u>-</u>	<u>-</u>	<u>565,382.35</u>
Total Sales and Services	<u>\$ 5,443,035.72</u>	<u>\$ 67,265.37</u>	<u>\$ 2,033,101.61</u>	<u>\$ 65,929.33</u>	<u>\$ 3,276,739.41</u>



NOTE 10 - OPERATING EXPENSES BY FUNCTION

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

	Salaries and Benefits	Supplies and Materials	Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	\$ 21,351,371.20	\$ 2,744,670.67	\$ 974,223.26	\$ -	\$ -	\$ -	\$ 25,070,265.13
Academic Support	4,458,003.51	318,357.02	429,828.67	-	-	-	5,206,189.20
Student Services	2,958,955.83	80,205.78	207,668.71	-	-	-	3,246,830.32
Institutional Support	5,852,374.25	792,631.40	2,195,936.23	-	-	-	8,840,941.88
Operations & Maintenance of Plant	2,674,106.19	466,562.82	1,633,176.89	-	1,619,683.06	-	6,393,528.96
Student Financial Aid	-	-	-	8,554,265.39	-	-	8,554,265.39
Auxiliary Enterprises	239,099.68	4,277,912.47	47,917.54	-	-	-	4,564,929.69
Depreciation	-	-	-	-	-	2,597,228.90	2,597,228.90
Total Operating Expenses	\$ 37,533,910.66	\$ 8,680,340.16	\$ 5,488,751.30	\$ 8,554,265.39	\$ 1,619,683.06	\$ 2,597,228.90	\$ 64,474,179.47

NOTE 11 - PENSION PLANS

A. Retirement Plans - Each permanent full-time employee, as a condition of employment, is a member of the Teachers' and State Employees' Retirement System. The Teachers' and State Employees' Retirement System (TSERS) is a cost-sharing multiple-employer defined benefit pension plan established by the state to provide pension benefits for employees of the state, its component units and local boards of education. The Plan is administered by a 14-member Board of Trustees, with the State Treasurer serving as Chairman of the Board.

Benefit and contribution provisions for the TSERS are established by *North Carolina General Statutes* 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contribution rates are set each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2013, these rates were set at 8.33% of covered payroll for employers and 6% of covered payroll for members.

For the current fiscal year, the College had a total payroll of \$29,665,361.96, of which \$22,240,354.30 was covered under the TSERS. Total employer and employee contributions for pension

benefits for the year were \$1,852,614.68 and \$1,334,421.57, respectively.

Required employer contribution rates for the years ended June 30, 2012, and 2011, were 7.44% and 4.93%, respectively, while employee contributions were 6% each year. The College made 100% of its annual required contributions for the years ended June 30, 2013, 2012, and 2011, which were \$1,852,614.68, \$1,574,204.24, and \$1,023,611.45, respectively.

The TSERS financial information is included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

B. Deferred Compensation and Supplemental Retirement Income Plans

Internal Revenue Code Section 457 Plan - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the North Carolina Public Employee Deferred Compensation Plan (the Plan). The Plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, death, disability, retirement, or financial hardships if approved by the Board of Trustees of the Plan. The Board, a part of the North Carolina Department of Administration, maintains a separate fund for the exclusive benefit of the participating employees and their beneficiaries, *the North Carolina Public Employee Deferred Compensation Trust Fund*. The Board also contracts with an external third party to perform certain administrative requirements and to manage the trust fund's assets. All costs of administering and funding the Plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to \$36,234 for the year ended June 30, 2013.

Internal Revenue Code Section 401(k) Plan - All members of the Teachers' and State Employees' Retirement System are eligible to enroll in the Supplemental Retirement Income Plan, a defined contribution plan, created under Internal Revenue Code Section

401(k). All costs of administering the Plan are the responsibility of the Plan participants. No costs are incurred by the College except for a 5% employer contribution for the College's law enforcement officers, which is mandated under General Statute 143-166.30(e). Total employer contributions on behalf of College law enforcement officers for the year ended June 30, 2013, were \$10,225.83. The voluntary contributions by employees amounted to \$366,999.32 for the year ended June 30, 2013.

Internal Revenue Code Section 403(b) and 403(b)(7) Plans - Eligible College employees can participate in tax sheltered annuity plans created under Internal Revenue Code Sections 403(b) and 403(b)(7). The employee's eligible contributions, made through salary reduction agreements, are exempt from federal and state income taxes until the annuity is received or the contributions are withdrawn. These plans are exclusively for employees of colleges and certain charitable and other nonprofit institutions. All costs of administering and funding these plans are the responsibility of the Plan participants. The plan administrators are American Century, American Funds, American Fund Service Company, General American Life Insurance, Jackson Mutual Life Insurance Company, and Variable Annuity Life Insurance Company. No costs are incurred by the College. The voluntary contributions by employees amounted to \$30,040.20 for the year ended June 30, 2013.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

- A. Health Benefits** - The College participates in the Comprehensive Major Medical Plan (the Plan), a cost-sharing, multiple-employer defined benefit health care plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System. Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

The Plan's benefit and contribution provisions are established by the State Treasurer and the Board of Trustees of the State Health Plan for Teachers and State Employees as authorized by Chapter 135, Article 3B, of the General Statutes. The Plan does not provide for automatic post-retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System and contributions to the Fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the State Treasurer and the Board of Trustees of the State Health Plan for Teachers and State Employees.

For the current fiscal year the College contributed 5.30% of the covered payroll under the Teachers' and State Employees' Retirement System to the Fund. Required contribution rates for the years ended June 30, 2012, and 2011, were 5.0% and 4.9%, respectively. The College made 100% of its annual required contributions to the Plan for the years ended June 30, 2013, 2012, and 2011, which were \$1,178,850.30, \$1,057,932.96, and \$1,017,283.43, respectively. The College assumes no liability for retiree health care benefits provided by the programs other than its required contribution.

Additional detailed information about these programs can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

- B. Disability Income** - The College participates in the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of the Teachers' and State Employees' Retirement System. 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.

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2013, the College made a statutory contribution of .44% of covered payroll under the Teachers' and State Employees' Retirement System to the DIPNC. Required contribution rates for the years ended June 30, 2012, and 2011, were .52% and .52%, respectively. The College made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2013, 2012, and 2011, which were \$97,789.19, \$110,025.03, and \$108,012.72, respectively. The College assumes no liability for long-term disability benefits under the Plan other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*.

NOTE 13 - 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.

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 \$10,000,000 via contract with a private insurance company. The North Carolina Community College System Office pays the premium, based on a composite rate, directly to the private insurer.

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.

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. 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 \$75,000 deductible. Employee dishonesty insurance for employees paid from nonstate funds is purchased from Cincinnati Insurance Company with coverage of \$25,000 per occurrence and a \$1,000 deductible.

The College's dental plan is self-funded and administered by the Sun Life and Health Insurance Company. The administrative fee includes aggregate stop loss protection.

College employees and retirees 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.

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 entirely from county or institutional funds.

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% for the current fiscal year.

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



NOTE 14 - 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 \$977,566.72 and on other purchases were \$428,072.37 at June 30, 2013.

NOTE 15 - RELATED PARTIES

The Asheville-Buncombe Technical Community College Education and Entrepreneurial Development Foundation is a separately incorporated nonprofit foundation associated with the College. This organization serves as the primary fundraising arm of the College through which individuals, corporations, and other organizations support College programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific departments and the College's overall academic environment. The College's financial statements do not include the assets, liabilities, net position, or operational transactions of the Foundation, except for support from the Foundation. This support approximated \$300,451.89 for the year ended June 30, 2013.



Notes to the Financial Statements
June 30, 2013
(continued)

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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the 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, and its discretely presented component unit, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated May 21, 2014. Our report includes a reference to other auditors who audited the financial statements of the Asheville-Buncombe Technical Community College Foundation (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) 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 control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less

severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 of 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 disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Asheville, North Carolina
May 21, 2014

Dixon Hughes Goodman LLP

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE

Summary of Auditors' Results

For the year ended June 30, 2013

The auditors' report issued on the financial statements was unmodified.

The auditors' report in accordance with Government Auditing Standards disclosed:

- No material weaknesses in internal controls over financial reporting.
- We noted no significant deficiencies in internal controls over financial reporting.
- No non-compliance that is considered material to the financial statements.

In accordance with North Carolina General Statute 147-64.6D this audit required 253 hours and a total cost of \$52,544.