



# STATE OF NORTH CAROLINA

**FINANCIAL STATEMENT REVIEW REPORT OF**

**BRUNSWICK COMMUNITY COLLEGE**

**SUPPLY, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2002**

**OFFICE OF THE STATE AUDITOR**

**RALPH CAMPBELL, JR.**

**STATE AUDITOR**

**FINANCIAL STATEMENT REVIEW REPORT OF**

**BRUNSWICK COMMUNITY COLLEGE**

**SUPPLY, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2002**

**STATE BOARD OF COMMUNITY COLLEGES**

**THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

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Ralph Campbell, Jr.  
State Auditor

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Office of the State Auditor

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## REVIEWER'S TRANSMITTAL

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The Honorable Michael F. Easley, Governor  
The General Assembly of North Carolina  
Board of Trustees, Brunswick Community College

This report presents the results of our financial statement review of Brunswick Community College, a component unit of the State of North Carolina, for the year ended June 30, 2002. Our review was made by authority of Article 5A of Chapter 147 of the General Statutes.

The accounts and operations of the College are an integral part of the State's reporting entity represented in the State's *Comprehensive Annual Financial Report (CAFR)* and the State's *Single Audit Report*. In those reports, the State Auditor expresses an opinion on the State's financial statements. In the *Single Audit Report*, the State Auditor also presents the audit results on the State's internal controls and on the State's compliance with laws, regulations, contracts, and grants applicable to the State's financial statements and to its federal financial assistance programs.

As part of the work necessary for the CAFR and the *Single Audit Report*, the accounts and operations of the College were subjected to review procedures as we considered necessary. In addition, we performed review procedures that we considered necessary for us to report on the accompanying financial statements that relate solely to Brunswick Community College. The review procedures were conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

The purpose of this report is to present the results of our review of the accompanying financial statements that relate solely to Brunswick Community College. Our reporting objectives and review results are:

- 1. Objective** - To disclose any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

**Results** - We are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. These matters are more fully described in the Independent Accountant's Review Report on the financial statements.

## REVIEWER'S TRANSMITTAL (CONCLUDED)

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2. **Objective** – To present significant deficiencies, if any, in internal control over financial reporting which could adversely affect the College's ability to record, process, summarize, and report financial data in the financial statements and present instances of noncompliance, if any, with laws, regulations, contracts, or grants, that came to our attention during our review of the financial statements.

**Results** - Our review disclosed no material weaknesses in internal control over financial reporting and no instances of noncompliance which require disclosure herein under *Government Auditing Standards*.

North Carolina General Statutes require the State Auditor to make reports available to the public. Copies of review reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.



Ralph Campbell, Jr.  
State Auditor

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Ralph Campbell, Jr.  
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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

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Board of Trustees  
Brunswick Community College  
Supply, North Carolina

We have reviewed the accompanying Statement of Net Assets of Brunswick Community College, a component unit of the State of North Carolina, as of June 30, 2002, and the related Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Cash Flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the College's management.

A review consists principally of inquiries of College personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 3 to 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Our review was conducted for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with generally accepted accounting principles. Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

A handwritten signature in black ink that reads "Ralph Campbell, Jr." in a cursive script.

Ralph Campbell, Jr.  
State Auditor

March 26, 2003

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of Brunswick Community College's Comprehensive Annual Financial Report presents Management's Discussion and Analysis of the College's financial activity during the fiscal years ended June 30, 2002 and June 30, 2001. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

### **Using This Annual Report**

The new financial statements (implemented in the fiscal year ended June 30, 2002) focus on the College as a whole. The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Assets is designed to be similar to bottom line results for the College. This statement, for the first time, combines and consolidates current financial resources (short-term consumable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on both the gross costs and the net costs of College activities which are supported mainly by State, Local, Federal and other revenues. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public.

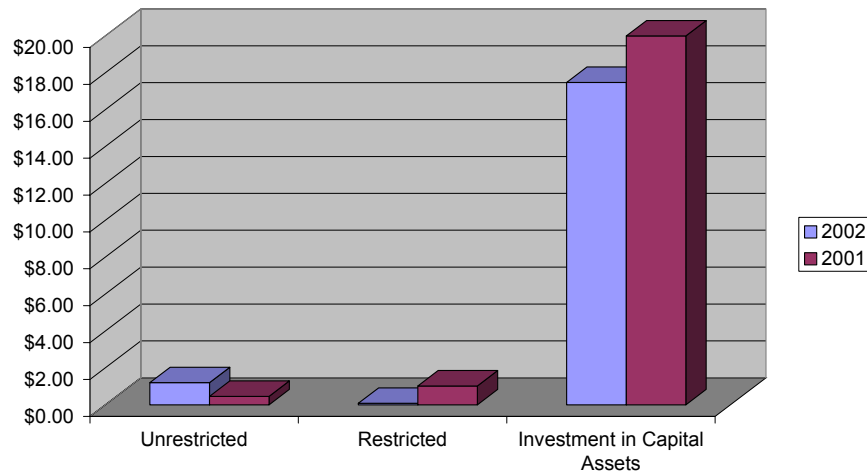
### **Financial Highlights**

As of June 30, 2002, the College's net assets decreased 12.66 percent from \$21.48 million to \$18.76 million at June 30, 2002. This decrease is due in part to a 12.60 percent decrease in Investment in Capital Assets, net of related debt due to depreciation.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Comparison on Net Assets Fiscal Years 2002 and 2001  
(in millions)**



### Financial Analysis of the College as a Whole

	Net Assets As of June 30, 2002 (in millions)	Net Assets As of June 30, 2001 (in millions)	Increase (Decrease)	Percent (Change)
Current Assets	\$ 1.00	\$ 1.65	\$ (0.65)	-39.39%
Non-Current Assets				
Restricted Cash and Cash Equivalents	0.54		0.54	100.00%
Restricted due from primary government	0.13	0.20	(0.07)	-35.00%
Capital Assets, Net of Depreciation	17.50	20.00	(2.50)	-12.50%
<b>Total Assets</b>	<b>19.17</b>	<b>21.85</b>	<b>(2.68)</b>	<b>-12.27%</b>
<b>Current Liabilities</b>	<b>0.41</b>	<b>0.36</b>	<b>0.05</b>	<b>13.89%</b>
<b>Net Assets</b>				
Investment in Capital Assets	17.48	20.00	(2.52)	-12.60%
Restricted	0.08	1.02	(0.94)	-92.16%
Unrestricted	1.20	0.46	0.74	160.87%
<b>Total Net Assets</b>	<b>\$ 18.76</b>	<b>\$ 21.48</b>	<b>\$ (2.72)</b>	<b>-12.66%</b>

This schedule is prepared from the College's Statement of Net Assets, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

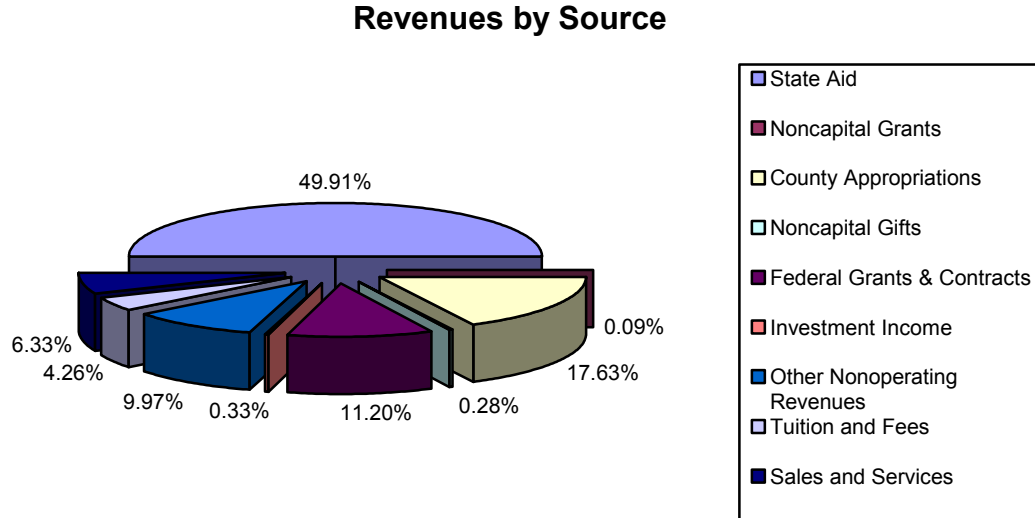
## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Operating Results for the Years Ended June 30, 2002 and 2001 (in millions)

	2002	2001	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees	\$ 0.39	\$ 0.88	\$ (0.49)	-55.68%
Federal Grants and Contracts	1.03	1.27	(0.24)	-18.90%
State and Local Grants and Contracts		0.03	(0.03)	-100.00%
Sales and Services	0.58	0.35	0.23	65.71%
Total	<u>2.00</u>	<u>2.53</u>	<u>(0.53)</u>	<u>-20.95%</u>
Less Operating Expenses	10.00	10.28	(0.28)	-2.72%
Net Operating Expenses	<u>(8.00)</u>	<u>(7.75)</u>	<u>(0.25)</u>	<u>3.23%</u>
Non-Operating Revenues				
State Aid	4.61	5.05	(0.44)	-8.71%
County Appropriations	1.62	1.58	0.04	2.53%
Noncapital Grants	0.01	0.02	(0.01)	-50.00%
Noncapital Gifts	0.03	0.06	(0.03)	-50.00%
Investment Income	0.03	0.06	(0.03)	-50.00%
Other Nonoperating Revenues	0.92	0.41	0.51	124.39%
Total	<u>7.22</u>	<u>7.18</u>	<u>0.04</u>	<u>0.56%</u>
Other Revenues				
State Capital Aid	1.08	0.45	0.63	140.00%
County Capital Appropriations	0.26	0.76	(0.50)	-65.79%
Total	<u>1.34</u>	<u>1.21</u>	<u>0.13</u>	<u>10.74%</u>
Increase in Net Assets	0.56	0.64	(0.08)	-12.50%
Net Assets, Beginning of Year	21.48	20.84	0.64	3.07%
Restatements	(3.28)		(3.28)	-100.00%
Net Assets, End of Year	<u>\$ 18.76</u>	<u>\$ 21.48</u>	<u>\$ (2.72)</u>	<u>-12.66%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The following is a graphic illustration of revenues by source:



Operating revenue decreased \$.53 million, which includes a \$.24 million decrease in Federal Grants and Contracts and an offsetting increase of \$.23 million in Sales and Services.

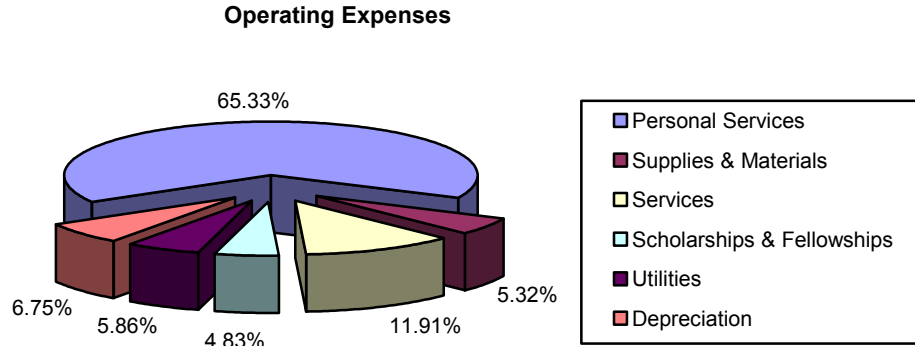
**Operating Expenses  
For the Years Ended June 30, 2002 and 2001  
(in millions)**

	2002	2001	Increase (Decrease)	Percent Change
Operating Expenses				
Personal Services	\$ 6.54	\$ 6.07	\$ 0.47	7.74%
Supplies and Materials	0.53	1.78	(1.25)	-70.22%
Services	1.19	1.42	(0.23)	-16.20%
Scholarships and Fellowships	0.48	0.54	(0.06)	-11.11%
Utilities	0.59	0.48	0.11	22.92%
Depreciation	0.68		0.68	100.00%
<b>Total</b>	<b>\$ 10.01</b>	<b>\$ 10.29</b>	<b>\$ (0.28)</b>	<b>-2.72%</b>

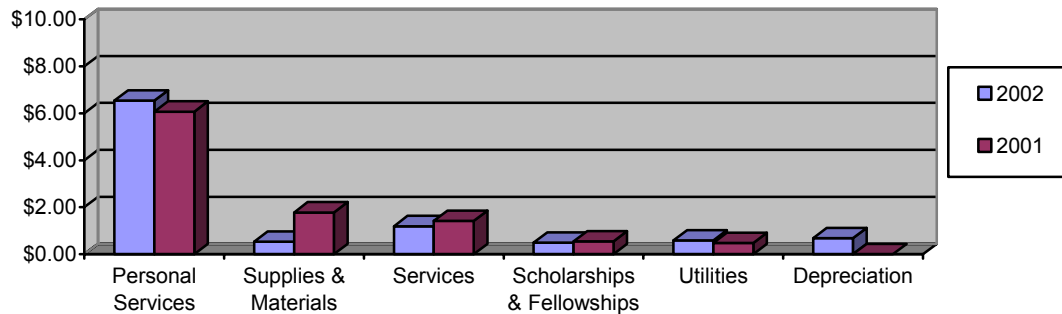
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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The following is a graphic illustration of operating expenses:



**Comparison of Operating Expenses Fiscal Years 2002 and 2001  
(in millions)**



Operating expenses decreased \$.28 million during fiscal year 2002. This decrease was caused primarily by the decrease in the capital supplies and materials due to the completion of the Technical Trades Center.

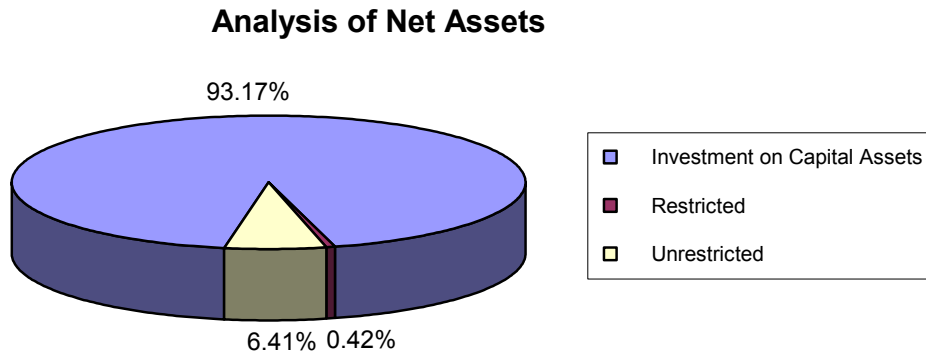
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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**Analysis of Net Assets  
June 30, 2002 and 2001  
(in millions)**

	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Assets				
Investment on Capital Assets	\$ 17.48	\$ 20.00	\$ (2.52)	-12.60%
Restricted	0.08	1.02	(0.94)	-92.16%
Unrestricted	1.20	0.46	0.74	160.87%
Total	<u>\$ 18.76</u>	<u>\$ 21.48</u>	<u>\$ (2.72)</u>	<u>-12.66%</u>

The following is a graphic illustration of net assets:



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)

### Capital Assets, Net June 30, 2002 and 2001 (in millions)

	2002	2001	Increase (Decrease)	Percent Change
Capital Assets				
Land	\$ 0.56	\$ 0.56	\$0.00	0.00%
Buildings	18.55	15.81	2.74	17.33%
Machinery and Equipment	1.40	1.30	0.10	7.69%
Art, Literature, and Artifacts		0.44	(0.44)	-100.00%
Infrastructure	1.82	1.79	0.03	1.68%
CIP	0.01	0.10	(0.09)	-90.00%
Total	<u>22.34</u>	<u>20.00</u>	<u>2.34</u>	<u>11.70%</u>
Less: Accumulated Depreciation	<u>4.84</u>	<u>4.17</u>	<u>0.67</u>	<u>16.07%</u>
Net Capital Assets	<u>\$ 17.50</u>	<u>\$ 15.83</u>	<u>\$ 1.67</u>	<u>10.55%</u>

As of June 30, 2002, the College had recorded \$22.34 million invested in Capital Assets, \$4.84 million in Accumulated Depreciation, and \$17.50 million in Net Capital Assets. Due to a change in accounting reporting standards, the College wrote off library books valued at \$.44 million. This change was shown for comparability effective July 1, 2000.

The College had long-term debt of \$.27 million as of June 30, 2002. This balance is due to accrued vacation of which all is shown as current.

<b><i>Brunswick Community College</i></b>		
<b><i>Statement of Net Assets</i></b>		
<b><i>June 30, 2002</i></b>		<b><i>Exhibit A</i></b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$	431,506.02
Restricted Cash and Cash Equivalents		200,884.24
Receivables, Net (Note 3)		319,814.52
Inventories		37,202.57
Prepaid Items		5,276.08
Notes Receivable, Net (Note 3)		1,201.00
Total Current Assets		995,884.43
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		538,168.64
Restricted Due from Primary Government (Note 3)		133,123.72
Capital Assets, Net (Note 4)		17,504,154.71
Total Noncurrent Assets		18,175,447.07
Total Assets		19,171,331.50
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 5)		143,072.09
Long-Term Liabilities - Current Portion (Note 6)		271,406.06
Total Liabilities		414,478.15
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt		17,475,721.21
Restricted For:		
Nonexpendable:		
Scholarships and Fellowships		78,482.31
Unrestricted		1,202,649.83
Total Net Assets	\$	18,756,853.35
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		

<b>Brunswick Community College</b>		
<b>Statement of Revenues, Expenses, and Changes in Net Assets</b>		
<b>For the Fiscal Year Ended June 30, 2002</b>		<b>Exhibit B</b>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net (Note 8)	\$	393,071.01
Federal Grants and Contracts		1,034,417.02
Sales and Services, Net (Note 8)		584,782.94
Total Operating Revenues		2,012,270.97
<b>EXPENSES</b>		
Operating Expenses:		
Personal Services		6,537,568.87
Supplies and Materials		532,033.78
Services		1,191,938.11
Scholarships and Fellowships		483,804.97
Utilities		586,625.25
Depreciation		675,695.70
Total Operating Expenses		10,007,666.68
Operating Loss		(7,995,395.71)
<b>NONOPERATING REVENUES:</b>		
State Aid		4,607,792.16
County Appropriations		1,627,700.00
Noncapital Grants		7,935.00
Noncapital Gifts, Net (Note 8)		26,066.21
Investment Income, Net		30,774.25
Other Nonoperating Revenues		920,465.82
Net Nonoperating Revenues		7,220,733.44
Loss Before Other Revenues, Expenses, Gains, and Losses		(774,662.27)
State Capital Aid		1,078,228.96
County Capital Appropriations		257,000.00
Increase in Net Assets		560,566.69
<b>NET ASSETS</b>		
Net Assets, July 1, 2001 as Restated		18,196,286.66
Net Assets, June 30, 2002	\$	18,756,853.35
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		



<b><i>Brunswick Community College</i></b>		
<b><i>Statement of Cash Flows</i></b>		
<b><i>For the Fiscal Year Ended June 30, 2002</i></b>		<b><i>Exhibit C</i></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Customers	\$ 1,853,522.39	
Payments to Employees and Fringe Benefits	(6,553,078.99)	
Payments to Vendors and Suppliers	(2,280,887.56)	
Payments for Scholarships and Fellowships	(456,800.67)	
Other Receipts	920,465.82	
Net Cash Used by Operating Activities	(6,516,779.01)	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Aid Received	4,607,792.16	
County Appropriations	1,627,700.00	
Noncapital Grants Received	104,907.24	
Noncapital Gifts and Endowments Received	26,066.21	
Net Cash Provided by Noncapital Financing Activities	6,366,465.61	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State Capital Aid Received	1,141,371.96	
County Capital Appropriations	257,000.00	
Capital Grants Received	(3,004.52)	
Acquisition and Construction of Capital Assets	(1,477,195.31)	
Net Cash Used by Capital and Related Financing Activities	(81,827.87)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	30,774.25	
Net Decrease in Cash and Cash Equivalents	(201,367.02)	
Cash and Cash Equivalents, July 1, 2001	1,371,925.92	
Cash and Cash Equivalents, June 30, 2002	\$ 1,170,558.90	

<b><i>Brunswick Community College</i></b>		
<b><i>Statement of Cash Flows</i></b>		<b><i>Exhibit C</i></b>
<b><i>For the Fiscal Year Ended June 30, 2002</i></b>		<b><i>Page 2</i></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss		\$ (7,995,395.71)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		675,695.70
Miscellaneous Nonoperating Income		920,465.82
Changes in Assets and Liabilities:		
Receivables, Net		(131,744.28)
Inventories		11,066.62
Prepaid Items		2,820.86
Accounts Payable and Accrued Liabilities		(24,070.99)
Due to Primary Government		(11,104.77)
Compensated Absences		35,487.74
Net Cash Used by Operating Activities		\$ (6,516,779.01)
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Assets Acquired through Assumption of a Liability		28,433.50
Assets Acquired Through a Gift		1,324,869.84
Increase in Receivables Related to Nonoperating Income		3,004.52
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		

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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

- A. Financial Reporting Entity** - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America, 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. Brunswick 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 for which the College's Board of Trustees is financially accountable. Related foundations and similar non-profit corporations for which the College is not financially accountable are not part of the accompanying financial statements. These entities are not included because they are separately incorporated and there are neither common directors nor other evidence of common control.

- B. Basis of Presentation** - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* effective for the College's year ended June 30, 2002, the full scope of the College's activities is considered to be a single business-type activity (BTA) 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the College does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

- D. Cash and Cash Equivalents** – This classification appears on the Statement of Net Assets and the Statement of Cash Flows and includes undeposited receipts, petty cash, cash on deposit with private bank accounts, and savings accounts.
- E. Receivables** – Receivables consist of tuition and fees charges to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the Federal government, State and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource providers conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.
- F. Inventories** – Inventories, consisting of expendable supplies and merchandise for resale, are stated at the lower of cost or market value using the first-in, first-out 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 College capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of one or more years. Library books are expensed.
- Depreciation is computed using the straight-line and/or units of output method over the estimated useful lives of the assets, generally 10 to 24 years for general infrastructure, 15 to 40 years for buildings, and 5 to 15 years for equipment.
- H. Restricted Assets** – Restricted assets represent assets whose use is restricted by external parties or by law through constitutional provisions or enabling legislation.
- I. Noncurrent Long-Term Liabilities** – Noncurrent long-term liabilities include notes payable, capital lease obligations, and compensated absences that will not be paid within the next fiscal year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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- 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 January 1st or for which an employee can be paid upon termination of employment. 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 30th equals the leave carried forward at the previous December 31st plus the leave earned, less the leave taken between January 1st and June 30th.

When classifying compensated absences into current and noncurrent, leave is considered taken using a last in, first out method.

- K. Net Assets** – The College's net assets are classified as follows:

**Invested in Capital Assets, Net of Related Debt** – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

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

**Restricted Net Assets – Expendable** – Expendable restricted net assets include resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

**Unrestricted Net Assets** – Unrestricted net assets include 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 Assets. The scholarship discount is the difference between the actual charge for goods and services provided by the College

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 either operating or nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. 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 presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges, and such programs are necessary and essential to the mission of the College. Revenues from nonexchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either capital or noncapital financing or investing activities. Operating expenses are all expense transactions incurred other than those related to capital or noncapital financing or investing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.
- N. County Appropriations** - County Appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, motor vehicles purchases, and maintenance of equipment. Unexpended county current appropriation and county capital appropriation do not revert and are available for future use by the College.

### NOTE 2 - DEPOSITS

All funds of the College are deposited in board-designated official depositories and are required to be collateralized in accordance with 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 or with the State Treasurer's Cash and Investment Pool. Also, the College may

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

establish time deposit accounts, money market accounts, and certificates of deposit. At year-end, cash on hand was \$430.00. The carrying amount of cash on deposit was \$1,170,128.90 and the bank balance was \$1,356,651.22. All of the cash was on deposit with private financial institutions.

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.

The financial statements and disclosures for the State Treasurer's Cash and Investment Pool 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.state.nc.us/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Of the cash on deposit with private financial institutions at June 30, 2002, \$200,000.00 of the bank balance was covered by federal depository insurance and \$1,156,651.22 was covered by collateral held by an authorized escrow agent in the name of the State Treasurer (pooling method).

### NOTE 3 - RECEIVABLES

Receivables at June 30, 2002 were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
<b>Current Receivables:</b>			
Students	\$ 139,399.14	\$ (1,229.00)	\$ 138,170.14
Intergovernmental	143,384.89		143,384.89
Other	38,259.49		38,259.49
<b>Total Current Receivables</b>	<b>\$ 321,043.52</b>	<b>\$ (1,229.00)</b>	<b>\$ 319,814.52</b>
<b>Noncurrent Receivables:</b>			
Restricted Due from Primary Government	\$ 133,123.72	\$ 0.00	\$ 133,123.72
<b>Notes Receivables - Current:</b>			
Institutional Student Loan Programs	\$ 1,201.00	\$ 0.00	\$ 1,201.00



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 - CAPITAL ASSETS

A summary of changes in the capital assets is presented as follows:

Capital Assets, Non-Depreciable:	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Land	\$ 555,658.85	\$ 0.00	\$ 0.00	\$ 555,658.85
Construction in Progress	102,424.64	1,256,547.66	1,352,520.80	6,451.50
Total Capital Assets, Non-Depreciable	<u>658,083.49</u>	<u>1,256,547.66</u>	<u>1,352,520.80</u>	<u>562,110.35</u>
Capital Assets, Depreciable:				
Buildings	15,815,766.55	2,735,590.64		18,551,357.19
Machinery and Equipment	1,291,511.45	116,241.78		1,407,753.23
General Infrastructure	1,788,651.81	35,635.65		1,824,287.46
Total Capital Assets, Depreciable	<u>18,895,929.81</u>	<u>2,887,468.07</u>		<u>21,783,397.88</u>
Less Accumulated Depreciation:				
Buildings	3,283,193.89	453,870.00		3,737,063.89
Machinery and Equipment	664,736.42	131,488.44		796,224.86
General Infrastructure	217,727.51	90,337.26		308,064.77
Total Accumulated Depreciation	<u>4,165,657.82</u>	<u>675,695.70</u>		<u>4,841,353.52</u>
Total Capital Assets, Depreciable, Net	<u>14,730,271.99</u>	<u>2,211,772.37</u>		<u>16,942,044.36</u>
<b>Capital Assets, Net</b>	<u>\$ 15,388,355.48</u>	<u>\$ 3,468,320.03</u>	<u>\$ 1,352,520.80</u>	<u>\$ 17,504,154.71</u>

### NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2002 were as follows:

	Amount
Accounts Payable	\$ 36,895.92
Accrued Payroll	13,748.62
Contract Retainage	28,433.50
Intergovernmental Payables	60,393.52
Other	3,600.53
<b>Total Accounts Payable and Accrued Liabilities</b>	<u>\$ 143,072.09</u>

### NOTE 6 - LONG-TERM LIABILITIES

**Changes in Long-Term Liabilities** - A summary of changes in the long-term liabilities is presented as follows:

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Current Portion
Compensated Absences	\$ 235,918.32	\$ 41,778.25	\$ 6,290.51	\$ 271,406.06	\$ 271,406.06

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 7 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2002:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 37,706.09
2004	35,414.60
2005	26,177.60
2006	<u>8,470.30</u>
Total Minimum Lease Payments	<u>\$ 107,768.59</u>

Rental expense for all operating leases during the year was \$34,752.28.

### NOTE 8 - REVENUES

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

	<u>Gross Revenues</u>	<u>Less Scholarship Discounts</u>	<u>Net Revenues</u>
<b>Operating revenues:</b>			
<b>Student tuition and fees</b>	<u>\$ 843,058.87</u>	<u>\$ 449,987.86</u>	<u>\$ 393,071.01</u>
<b>Sales and services:</b>			
Sales and services of auxiliary enterprises:			
Dining	\$ 189,913.81	\$	\$ 189,913.81
Bookstore	15,391.26		15,391.26
Other	<u>379,477.87</u>		<u>379,477.87</u>
<b>Total sales and services</b>	<u>\$ 584,782.94</u>	<u>\$ 0.00</u>	<u>\$ 584,782.94</u>
<b>Nonoperating - Noncapital gifts</b>	<u>\$ 26,066.21</u>	<u>\$ 0.00</u>	<u>\$ 26,066.21</u>

### NOTE 9 - OPERATING EXPENSES BY FUNCTION

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

	<u>Salaries and Benefits</u>	<u>Supplies and Materials</u>	<u>Services</u>	<u>Scholarships and Fellowships</u>	<u>Utilities</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 3,806,324.53	\$ 319,724.66	\$ 341,298.03	\$ 0.00	\$ 12,741.77	\$ 0.00	\$ 4,480,088.99
Academic Support	500,562.59	14,676.00	46,699.65		139.65		562,077.89
Student Services	345,575.16	23,688.92	80,626.37				449,890.45
Institutional Support	1,299,815.19	50,282.58	222,083.83				1,572,181.60
Operations and Maintenance of Plant	585,291.40	103,194.26	295,549.25		573,743.83		1,557,778.74
Student Financial Aid			(931.45)	483,804.97			482,873.52
Auxiliary Enterprises		20,467.36	206,612.43				227,079.79
Depreciation						675,695.70	675,695.70
<b>Total Operating Expenses</b>	<u>\$ 6,537,568.87</u>	<u>\$ 532,033.78</u>	<u>\$ 1,191,938.11</u>	<u>\$ 483,804.97</u>	<u>\$ 586,625.25</u>	<u>\$ 675,695.70</u>	<u>\$ 10,007,666.68</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### NOTE 10 - 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 (System) is a multiple-employer cost sharing defined benefit pension plan administered by the North Carolina State Treasurer.

After five years of creditable service, members of the Teachers' and State Employees' Retirement System qualify for a vested deferred benefit. Employees who retire on or after age 65 and complete 5 years of membership service (age 55 and 5 years of creditable service for law enforcement officers), reach age 60 with 25 years of membership service, or complete 30 years of creditable service receive a retirement allowance of 1.81% of an average final compensation (based on the 4 consecutive years that produce the highest average) multiplied by the number of years of creditable service. Employees may retire with reduced benefits if they reach age 50 with 20 years of creditable service or reach age 60 with 5 years of creditable service (age 50 with 15 years creditable service for law enforcement officers).

Benefit and contribution provisions for the Teachers' and State Employees' Retirement System are established by North Carolina General Statute 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contributions rates are set each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2002, these rates were set at 1.97% of covered payroll for employers and 6% of covered payroll for members.

For the year ended June 30, 2002, the College had a total payroll of \$5,553,224.29, of which \$4,053,339.26 was covered under the Teachers' and State Employees' Retirement System. Total employee and employer contributions for pension benefits for the year were \$243,200.56 and \$79,850.78, respectively. The College made one hundred percent of its annual required contributions for the years ended June 30, 2002, 2001, and 2000, which were \$79,850.78, \$195,415.55, and \$279,198.53, respectively.

The Teachers' and State Employees' Retirement System's financial information is included in the State of North Carolina *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.state.nc.us/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**B. Supplemental Retirement Income Plans - IRC 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, 2002 were \$1,184.16.

IRC 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 non-profit institutions. All costs of administering and funding these plans are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to \$90,562.02 for the year ended June 30, 2002.

### NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

- A. Health Care for Long-Term Disability Beneficiaries and Retirees -** The College participates in State-administered programs which provide 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. These benefits were established by Chapter 135, Article 3, Part 3, of the General Statutes and may be amended only by the North Carolina General Assembly. Funding for the health care benefit for long-term disability beneficiaries and retirees is financed on a pay-as-you-go basis. The College contributed 2.35% of the covered payroll under the Teachers' and State Employees' Retirement System for these health care benefits. For the fiscal year ended June 30, 2002, the College's total contribution to the Plan was \$95,253.47. 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*.
- B. Long-Term Disability -** The College participates in the Disability Income Plan of North Carolina (DIPNC). Established by Chapter 135, Article 6, of the General Statutes, DIPNC provides short-term and

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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long-term disability benefits to eligible members of the Teachers' and State Employees' Retirement System. Long-term disability income benefits are advance funded on an actuarially determined basis using the one-year term cost method. The College contributes .52% of covered payroll under the Teachers' and State Employees' Retirement System. For the fiscal year ended June 30, 2002, the College's total contribution to the DIPNC was \$21,077.36. 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 12 - 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.

Tort claims of up to \$500,000 are self-insured under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$11,000,000 via contract with a private insurance company. The premium, based on a composite rate, is paid by the North Carolina Community College System Office directly to the private insurer.

Fire and other property losses are covered by the Public School Insurance Fund, a State-administered public entity risk pool. This fund is financed by premiums and interest and reinsures losses greater than \$10,000,000 per occurrence. The excess insurer provides property coverage up to \$30,000,000 per location annually. 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 used for instructional purposes are covered by liability insurance handled by the State Department of Insurance. Liability insurance for other College-owned vehicles are 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. The blanket honesty bond is with a private insurance company and is handled by the North Carolina Department of Insurance with coverage of \$5,000,000 per occurrence

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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and a \$50,000 deductible. For employees paid in whole or in part from County and Institutional Funds, the College is covered by contracts with private insurance companies.

Employees and retirees are provided health care coverage by the Comprehensive Major Medical Plan (Plan), a component unit of the State. The Plan is funded by employer and employee contributions and is administered by a third-party contractor. Effective for the October 1, 2001 through September 30, 2002 year, the Plan no longer offers health coverage through HMO plans.

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 of \$25,000 to \$50,000 is provided to eligible workers. This self-insured death benefit program is administered by the State Treasurer and funded via employer contributions.

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 13 - COMMITMENTS AND CONTINGENCIES

- A. **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 \$40,711.70 and on other purchases were \$73,120.59 at June 30, 2002.
- B. **Pending Litigation and Claims** - The College is a party to other litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. College management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the College.
- C. **Community College General Obligation Bonds** - The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of six hundred million dollars of general obligation bonds of the State, as subsequently approved by a vote of qualified voters of the State, to provide funds for capital improvements for the North Carolina

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Community College System. The funds authorized are to be used solely to construct new buildings and to renovate and modernize existing buildings on the North Carolina Community College System campuses. The bond legislation specifies the amount of bond funding for each College campus as well as the intended amount for new construction and repair and replacement. The legislation further provides that the State Board of Community Colleges shall be responsible for the approval of projects in accordance with provisions of the legislation. The bonds are authorized to be issued over a six-year period beginning in 2001 at a level not to exceed amounts provided in the legislation. Using a cash flow financing approach, The Community College System's Office (CCSO), establishes annual amounts not to exceed for each approved project. The amounts not to exceed are subject to change due to actual cash availability and needs during the year. Subsequent to the bond sales and the availability of bond proceeds, CCSO notifies the Office of State Budget and Management (OSBM) of the amount not to exceed for the total of the approved projects. Within this amount, based on an official request of cash needs from the State Board of Community Colleges, OSBM authorizes allotments. These allotments are then recorded to specific Community College allotment accounts by the CCSO. The College records the allotments as revenue on the accompanying financial statements. The College's remaining authorization \$523,427.00 is contingent on future bond sales and CCSO allotment approval. Because of uncertainty and time restrictions the remaining authorization is not recorded as an asset or revenue on the accompanying financial statements.

### **NOTE 14 - THE BRUNSWICK COMMUNITY COLLEGE FOUNDATION, INC.**

The Brunswick Community College Foundation, Inc. is a separately incorporated non-profit 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 assets, or operational transactions of the Foundation, except for the distributions made and benefits provided by the Foundation. The distributions received and/or benefits provided approximated \$73,713.05 for the year ended June 30, 2002.

### **NOTE 15 - ACCOUNTING CHANGES**

Effective July 1, 2001, the College implemented 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,

## NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

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*Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities.* The financial statement presentation required by these Statements is a single-column enterprise activity rather than the fund-group perspective previously reported. Significant accounting changes in order to comply with the new requirements include adopting depreciation on capital assets, reporting revenues net of discounts and allowances, eliminating inter-fund activities, classifying activities as operating or nonoperating, classifying assets and liabilities as current or noncurrent, and prorating summer school activities to periods earned.

In addition, the College implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Changes in existing disclosures include more detailed information on debt service requirements, obligations under leases, and short-term debt. New disclosures include variable debt interest information and the major components of receivable and payable balances.

### NOTE 16 - NET ASSET RESTATEMENTS

As referred to in Note 15, the College implemented 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*.

July 1, 2001 Fund Equity as previously reported	\$ 21,479,979.23
Implementation of GASB 34/35	<u>(4,608,562.41)</u>
To correct capitalized balances	<u>1,324,869.84</u>
July 1, 2001 Net Assets as Restated	<u>\$ 18,196,286.66</u>



***Brunswick Community College  
Schedule of General Obligation Bond Project Authorizations,  
Budgets, and Expenditures  
For Project-to-Date as of June 30, 2002***

***Schedule 1***

<b>Capital Improvement Projects</b>	<b>Projected Start Date</b>	<b>General Obligation Bonds Authorized</b>	<b>Other Sources</b>	<b>Total Project Budget</b>	<b>Amount Expended</b>	<b>Percent Completed</b>	<b>Expected Completion Date</b>
<b><i>Projects Approved by the State Board</i></b>							
Technical and Trades Building - Project 914	Feb 2001	\$ 893,291.00	\$ 473,945.00	\$ 1,367,236.00	\$ 1,313,057.79	96.04%	Aug 2002
<b><i>Projects Pending Approval by the State Board</i></b>							
Bundled Repair and Renovation Projects	Jun 2003	523,427.00		523,427.00			
<b>Total All Projects</b>		<b>\$ 1,416,718.00</b>	<b>\$ 473,945.00</b>	<b>\$ 1,890,663.00</b>	<b>\$ 1,313,057.79</b>		

Note: The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of six hundred million dollars of general obligation bonds of the State, as subsequently approved by a vote of qualified voters of the State, to provide funds for capital improvements for the North Carolina Community College System. The projects listed on this schedule are those funded or to be funded by bond proceeds from the general obligation bonds authorized by Senate Bill 912.

## **DISTRIBUTION OF REVIEW REPORT**

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In accordance with General Statutes 147-64.5 and 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

### **EXECUTIVE BRANCH**

The Honorable Michael F. Easley	Governor of North Carolina
The Honorable Beverly M. Perdue	Lieutenant Governor of North Carolina
The Honorable Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Mr. H. Martin Lancaster	President, North Carolina Community College System
Dr. W. Michael Reaves	President, Brunswick Community College
Dr. Benjamin A. DeBlois	Vice President for Administrative Services Brunswick Community College
Mrs. Lynda Stanley	Chairperson, Board of Trustees Brunswick Community College

### **LEGISLATIVE BRANCH**

Appointees to the Joint Legislative Commission on Governmental Operations

Senator Marc Basnight, Co-Chairman	Representative James B. Black, Co-Chairman
Senator Charlie Albertson	Representative Richard T. Morgan, Co-Chairman
Senator Kever M. Clark	Representative Martha B. Alexander
Senator Daniel G. Clodfelter	Representative E. Nelson Cole
Senator Walter H. Dalton	Representative James W. Crawford, Jr.
Senator James Forrester	Representative William T. Culpepper, III
Senator Linda Garrou	Representative W. Pete Cunningham
Senator Wilbur P. Gulley	Representative Beverly M. Earle
Senator Kay R. Hagan	Representative Stanley H. Fox
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Senator Ellie Kinnaird	Representative Dewey L. Hill
Senator Jeanne H. Lucas	Representative Maggie Jeffus
Senator William N. Martin	Representative Edd Nye
Senator Stephen M. Metcalf	Representative William C. Owens, Jr.
Senator Eric M. Reeves	Representative Drew P. Saunders
Senator Larry Shaw	Representative Wilma M. Sherrill
Senator R. C. Soles, Jr.	Representative Joe P. Tolson
Senator David F. Weinstein	Representative Thomas E. Wright
	Representative Douglas Y. Yongue

### **Other Legislative Officials**

Representative Philip A. Baddour, Jr.	Majority Leader of the N.C. House of Representatives
Senator Anthony E. Rand	Majority Leader of the N.C. Senate
Senator Patrick J. Ballantine	Minority Leader of the N.C. Senate
Representative N. Leo Daughtry	N.C. House of Representatives
Mr. James D. Johnson	Director, Fiscal Research Division

April 22, 2003

## ORDERING INFORMATION

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Copies of this report may be obtained by contacting the:

Office of the State Auditor  
State of North Carolina  
2 South Salisbury Street  
20601 Mail Service Center  
Raleigh, North Carolina 27699-0601

Internet: <http://www.ncauditor.net>

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Facsimile: 919/807-7647