

# STATE OF NORTH CAROLINA

## FINANCIAL STATEMENT REVIEW REPORT OF

**GASTON COLLEGE**

**DALLAS, NORTH CAROLINA**

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

**OFFICE OF THE STATE AUDITOR**

**RALPH CAMPBELL, JR.**

**STATE AUDITOR**

**FINANCIAL STATEMENT REVIEW REPORT OF**

**GASTON COLLEGE**

**DALLAS, NORTH CAROLINA**

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

**STATE BOARD OF COMMUNITY COLLEGES**

**THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

**H. MARTIN LANCASTER, PRESIDENT**

**BOARD OF TRUSTEES**

**ALAN ALBRIGHT, CHAIRMAN**

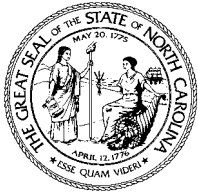
**JERRY W. COCHRANE, VICE CHAIRMAN**

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**DR. PATRICIA A. SKINNER, PRESIDENT**



Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA  
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, Gaston College

This report presents the results of our financial statement review of Gaston 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 Gaston 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 Gaston 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.

**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.  
State Auditor

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

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Board of Trustees  
Gaston College  
Dallas, North Carolina

We have reviewed the accompanying Statement of Net Assets of Gaston 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 6 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 cursive script that reads "Ralph Campbell, Jr.".

Ralph Campbell, Jr.  
State Auditor

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Purpose**

The following is a discussion and analysis of the Gaston College's financial performance, providing an overview of the activities for fiscal year ended June 30, 2002. The College's financial statements are blended or combined with the Gaston College Foundation because the Foundation exists only to assist the College and its students and they share common board members which control the Foundation. The fiscal year 2002 represents the first year in which the College implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This discussion and analysis provides few comparisons with the previous year. Future reports are required to include extensive comparisons.

### **Overview of the Financial Statements**

This discussion and analysis is an introduction to the College's basic financial statements, which comprise two components: 1) Financial Statements and 2) Notes to the Financial Statements.

### **College Financial Statements**

The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets are two statements that report information about the College and about its activities that should help to answer the question: Is the College better off or worse off as a result of this year's activities? These statements include all nonfiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Statement of Net Assets presents all of the College's assets and liabilities with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the College's financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the College's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as underlying events giving rise to the change occur, regardless to the cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected tuition and earned but unused vacation leave).

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the College's financial statements.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Statement of Net Assets

The College financial statements combine the assets, liabilities, and net assets of both the College and Gaston College Foundation. The total net assets decreased by \$1,709,094.25 or 7%. This decrease is attributable for the most part to the decline in valuation of capital assets which declined in value by \$1,909,532, which includes a write off of library books totaling \$1,277,455, net depreciation of \$727,098, and net capital additions of \$95,021. The write off of library books reflects a change in accounting policy under which library books will no longer be capitalized.

	College June 30, 2002	Foundation June 30, 2002	Combined June 30, 2002
Current and Other Noncurrent Assets	\$ 1,441,504.94	\$ 2,103,167.02	\$ 3,544,671.96
Capital Assets, Net	21,248,372.00		21,248,372.00
<b>Total Assets</b>	<b>22,689,876.94</b>	<b>2,103,167.02</b>	<b>24,793,043.96</b>
Long Term-Liabilities	18,096.00		18,096.00
Other Liabilities	826,722.47	147,132.78	973,855.25
<b>Total Liabilities</b>	<b>844,818.47</b>	<b>147,132.78</b>	<b>991,951.25</b>
Net Assets:			
Invested in Capital Assets	20,800,377.99	447,994.01	21,248,372.00
Restricted	666,814.09	1,180,401.33	1,847,215.42
Unrestricted	377,866.39	327,638.90	705,505.29
<b>Total Net Assets</b>	<b>\$ 21,845,058.47</b>	<b>\$ 1,956,034.24</b>	<b>\$ 23,801,092.71</b>

The largest component (89%) of the College's net assets reflects its investment in capital assets (land, buildings, machinery and equipment, and general infrastructure), less accumulated depreciation.

### Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets shows an operating loss of \$18,013,895.14 for the College. All colleges will show an operating loss because students do not pay the full costs of college operations. The State and counties subsidize these operating costs but their contribution is considered a nonoperating income.

Additionally, the expensing of capital asset depreciation causes a yearly decline in net asset value, which will in most years cause a decrease in net assets.

Is the College better off or worse off as a result of this year's activities? It is better off in the current year, the College's decrease in net assets is \$431,639.25 or 46% of the depreciation expense of \$947,190. Unless a college is receiving funds to construct buildings there is going to be a net decrease in net assets because of depreciation expense.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following information reflects how the net assets changed during the fiscal year:

### Changes in Net Assets For the Fiscal Year Ended June 30, 2002

	College	Foundation	Combined
<b>REVENUES</b>			
Operating Revenues:			
Student Tuition and Fees	\$ 2,695,082.73	\$ 0.00	\$ 2,695,082.73
Federal Grants and Contracts	3,233,514.95		3,233,514.95
State and Local Grants and Contracts	11,992.23		11,992.23
Sales and Services	2,825,986.60		2,825,986.60
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	8,766,576.51		8,766,576.51
<b>EXPENSES</b>			
Operating Expenses:			
Personal Services	17,523,209.42		17,523,209.42
Supplies and Materials	3,187,176.42	81,923.55	3,269,099.97
Services	2,003,782.87	10,907.50	2,014,690.37
Scholarships and Fellowships	2,094,936.94	79,833.40	2,174,770.34
Utilities	851,511.55		851,511.55
Depreciation	947,190.00		947,190.00
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	26,607,807.20	172,664.45	26,780,471.65
Operating Loss	(17,841,230.69)	(172,664.45)	(18,013,895.14)
<b>NONOPERATING REVENUES</b>			
State Aid	12,726,282.04		12,726,282.04
County Appropriations	2,750,975.00		2,750,975.00
Noncapital Gifts	8,190.61	123,392.06	131,582.67
Investment Income, Net	60,593.89	47,355.69	107,949.58
Other Nonoperating Revenues	284,608.66		284,608.66
	<hr/>	<hr/>	<hr/>
Net Nonoperating Revenues	15,830,650.20	170,747.75	16,001,397.95
Loss Before Other Revenues, Expenses Gains or Losses	(2,010,580.49)	(1,916.70)	(2,012,497.19)
State Capital Aid	832,459.48		832,459.48
County Capital Appropriations	748,398.46		748,398.46
	<hr/>	<hr/>	<hr/>
Decrease in Net Assets	(429,722.55)	(1,916.70)	(431,639.25)
<b>NET ASSETS</b>			
Net Assets-Beginning of Year	34,271,661.02	1,957,950.94	36,229,611.96
Restatements	(11,996,880.00)		(11,996,880.00)
	<hr/>	<hr/>	<hr/>
Net Assets-End of Year	\$ 21,845,058.47	\$ 1,956,034.24	\$ 23,801,092.71

The restatement of the prior year's net asset ending balance reducing net assets by \$11,996,880 was required to book accumulated depreciation for all current assets (buildings, machinery and equipment, and general infrastructure) for all preceding periods.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)**

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The Gaston College Foundation expended more for operating expenses than it received in donations and earned on investments. Foundation investment income suffered as a result of a decline in the year-end valuation of marketable securities in the amount of \$40,086.77 or 11.3%. Year-end cash investments totaled \$1,761,204.37 (\$1,627,798.80 held in the State Treasurer's Investment Fund and \$83,495.57 held in local banks) and marketable securities with a market value of \$314,892.77.

***Gaston College***  
***Statement of Net Assets***  
***June 30, 2002***

***Exhibit A***

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 1,002,453.31
Restricted Cash and Cash Equivalents	151,451.69
Short-Term Investments	279,892.77
Receivables, Net (Note 3)	411,427.76
Inventories	229,007.22
<b>Total Current Assets</b>	<b>2,074,232.75</b>

Noncurrent Assets:

Restricted Cash and Cash Equivalents	1,411,577.21
Receivables (Note 3)	2,500.00
Restricted Due from Primary Government	21,362.00
Other Long-Term Investments	35,000.00
Capital Assets, Net (Note 4)	21,248,372.00
<b>Total Noncurrent Assets</b>	<b>22,718,811.21</b>
<b>Total Assets</b>	<b>24,793,043.96</b>

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 5)	307,747.46
Deferred Revenue	168,019.32
Funds Held for Others	35,206.80
Long-Term Liabilities - Current Portion (Note 6)	462,881.67
<b>Total Current Liabilities</b>	<b>973,855.25</b>

Noncurrent Liabilities:

Long-Term Liabilities (Note 6)	18,096.00
<b>Total Noncurrent Liabilities</b>	<b>18,096.00</b>
<b>Total Liabilities</b>	<b>991,951.25</b>

**NET ASSETS**

Invested in Capital Assets	21,248,372.00
Restricted For:	
Nonexpendable:	
Scholarships and Fellowships	1,180,401.33
Expendable:	
Capital Projects	666,814.09
Unrestricted	705,505.29
<b>Total Net Assets</b>	<b>\$ 23,801,092.71</b>

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

See Independent Accountant's Review Report

<b>Gaston College</b>		
<b>Statement of Revenues, Expenses, and</b>		
<b>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)	\$	2,695,082.73
Federal Grants and Contracts		3,233,514.95
State and Local Grants and Contracts		11,992.23
Sales and Services, Net (Note 8)		2,825,986.60
Total Operating Revenues		8,766,576.51
<b>EXPENSES</b>		
Operating Expenses:		
Personal Services		17,523,209.42
Supplies and Materials		3,269,099.97
Services		2,014,690.37
Scholarships and Fellowships		2,174,770.34
Utilities		851,511.55
Depreciation		947,190.00
Total Operating Expenses		26,780,471.65
Operating Loss		(18,013,895.14)
<b>NONOPERATING REVENUES</b>		
State Aid		12,726,282.04
County Appropriations		2,750,975.00
Noncapital Gifts (Note 8)		131,582.67
Investment Income, Net		107,949.58
Other Nonoperating Revenues		284,608.66
Net Nonoperating Revenues		16,001,397.95
Loss Before Other Revenues, Expenses, Gains, and Losses		(2,012,497.19)
State Capital Aid		832,459.48
County Capital Appropriations		748,398.46
Decrease in Net Assets		(431,639.25)
<b>NET ASSETS</b>		
Net Assets, July 1, 2001 as Restated (Note 15)		24,232,731.96
Net Assets, June 30, 2002	\$	23,801,092.71
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		

<b><i>Gaston 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		\$ 8,876,787.05
Payments to Employees and Fringe Benefits		(17,473,690.94)
Payments to Vendors and Suppliers		(6,444,197.57)
Payments for Scholarships and Fellowships		(2,156,854.38)
Other Receipts		291,250.73
Net Cash Used by Operating Activities		(16,906,705.11)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Aid Received		12,726,282.04
County Appropriations		2,750,975.00
Noncapital Grants Received		39,173.27
Noncapital Gifts and Endowments Received		129,958.67
Net Cash Provided by Noncapital Financing Activities		15,646,388.98
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State Capital Aid Received		869,606.54
County Capital Appropriations		748,398.46
Capital Grants Received		36,303.27
Capital Gifts Received		52,518.00
Acquisition and Construction of Capital Assets		(315,113.00)
Net Cash Provided by Capital and Related Financing Activities		1,391,713.27
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments		10,135.23
Interest on Investments		144,855.17
Net Cash Provided by Investing Activities		154,990.40
Net Increase in Cash and Cash Equivalents		286,387.54
Cash and Cash Equivalents, July 1, 2001		2,279,094.67
Cash and Cash Equivalents, June 30, 2002		<u>\$ 2,565,482.21</u>

<b><i>Gaston 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		\$ (18,013,895.14)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		947,190.00
Miscellaneous Nonoperating Income		284,608.66
Changes in Assets and Liabilities:		
Receivables, Net		102,090.78
Inventories		37,874.76
Accounts Payable and Accrued Liabilities		(362,762.97)
Deferred Revenue		25,135.72
Funds Held for Others		7,542.07
Compensated Absences		65,511.01
Net Cash Used by Operating Activities		\$ (16,906,705.11)
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Change in Fair Value of Investments		\$ (39,365.75)
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		

**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. Gaston College is a component unit of the North Carolina Community College System which is a part of the primary government 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 component units for which the College's Board of Trustees is financially accountable. Although legally separate, Gaston College Foundation is reported as if it were part of the College.

The Foundation is governed by a nine-member board consisting of nine elected directors. The Foundation's purpose is to aid, support, and promote teaching, research, and service in the various educational, scientific, scholarly, professional, artistic, and creative endeavors of the College. Because the elected directors of the Foundation are appointed by the members of the Gaston College Board of Trustees and the Foundation's sole purpose is to benefit Gaston College, its financial statements have been blended with those of the College.

Separate financial statements for the Foundation may be obtained from the College Controller's Office, 201 Highway 321 South, Dallas, North Carolina, 28034-1499, or by calling (704) 922-6413. Other related foundations and similar non-profit corporations for which the College is not financially accountable are not part of the accompanying financial statements.

- 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).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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.

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, savings accounts, money market accounts, and short-term investments with the State Treasurer’s Cash and Investment Pool (a governmental external investment pool). The short-term investment portfolio 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. Investments** - This classification includes corporate stock and cash surrender-value life insurance policy. Investments are accounted for at fair value, as determined by quoted market prices, or an amount determined by management if quoted market prices are not available. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.
- F. 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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.

**G. 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.

**H. 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 15 to 75 years for general infrastructure, 10 to 50 years for buildings, and 3 to 15 years for equipment.

**I. Restricted Assets** – Restricted assets represent assets whose use is restricted by external parties or by law through constitutional provisions or enabling legislation.

**J. Noncurrent Long-Term Liabilities** – Noncurrent long-term liabilities include compensated absences that will not be paid within the next fiscal year.

**K. Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 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.

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

**Invested in Capital Assets** – This represents the College's total investment in capital assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**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.

- M. 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 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.
- N. 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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.

- O. Internal Sales Activities** - Certain institutional auxiliary operations provide goods and services to College departments, as well as to its customers. These institutional auxiliary operations include activities such as Bookstore and Printing Department. In addition, the College has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. All internal sales activities to College departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.
- P. 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 as approved by the county commissioners.

### NOTE 2 - DEPOSITS AND INVESTMENTS

- A. 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 establish time deposit accounts, money market accounts, and certificates of deposit. At year-end, cash on hand was \$3,033.65. The carrying amount of cash on deposit was \$2,562,448.56 and the bank balance was \$2,708,648.56.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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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.

Cash on deposit at year end consisted of the following:

	Book Balance	Bank Balance
Cash on Deposit with State Treasurer	\$ 2,308,955.56	\$ 2,308,955.56
Cash on Deposit with Private Financial Institutions	253,493.00	399,693.00
	\$ 2,562,448.56	\$ 2,708,648.56

The cash on deposit with the State Treasurer is pooled with State agencies and similar institutions in short-term investments with the State Treasurer’s Cash and Investment Pool. These moneys are invested in accordance with General Statutes 147-69.1(c) and 147-69.2, and as required by law are “readily convertible into cash.” All investments of the fund are held either by the Department of State Treasurer or agent in the State’s name. The fund’s uninvested cash is either covered by federal depository insurance or, pursuant to 20 NCAC 7, is collateralized under either the dedicated or pooling method.

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, \$183,607.57 of the bank balance was covered by federal depository insurance, and \$216,086.55 was covered by collateral held by an authorized escrow agent in the name of the State Treasurer (pooling method).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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- B. Investments** - The College is authorized to invest idle funds as provided by General Statute 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 the form of investments pursuant to General Statute 159-30(c), as follows: 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 non-guaranteed federal agencies; prime quality commercial paper bearing specified ratings and banker's acceptances; 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.

Except as specified by the donor, endowment funds belonging to the College may be invested pursuant to General Statute 147-69.2. This statute authorizes investments for special funds held by the State Treasurer and includes the following investments: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the State of North Carolina; certificates of deposit of specified institutions; prime quality commercial paper; specified bills of exchange; asset-backed securities, corporate bonds and notes with specified ratings; general obligations of other states; general obligations of North Carolina local governments; certain venture capital limited partnerships; and the obligations or securities of the North Carolina Enterprise Corporation.

Investments of the College's component unit, the Foundation, are subject to and restricted by General Statute 36B "Uniform Management of Institutional Funds Act" (UMIFA) and any requirements placed on them by contract or donor agreements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of the College's investments at June 30, 2002 is presented below:

	Fair Value			Total
	Risk Category			
	1	2	3	
<b>Investments Categorized:</b>				
Corporate Stock	\$ 294,706.99	\$ 0.00	\$ 0.00	\$ 294,706.99
<b>Investments Not Categorized:</b>				
Life Insurance Policy - CSV				20,185.78
<b>Total Investments</b>				<b>\$ 20,185.78</b>

### 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	\$ 459,468.37	\$ (92,510.58)	\$ 366,957.79
Accounts	33,038.11	(17,067.25)	15,970.86
Intergovernmental	2,449.92		2,449.92
Pledges	15,917.00		15,917.00
Investment Earnings	10,132.19		10,132.19
<b>Total Current Receivables</b>	<b>\$ 521,005.59</b>	<b>\$ (109,577.83)</b>	<b>\$ 411,427.76</b>
<b>Noncurrent Receivables:</b>			
Pledges	\$ 2,500.00	\$ 0.00	\$ 2,500.00

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Capital Assets, Non-Depreciable:				
Land	\$ 804,319.00	\$ 0.00	\$ 0.00	\$ 804,319.00
Construction in Progress	31,652.00	29,018.00		60,670.00
Total Capital Assets, Non-Depreciable	835,971.00	29,018.00		864,989.00
Capital Assets, Depreciable:				
Buildings	23,806,101.00			23,806,101.00
Leasehold Improvements	4,079,290.00			4,079,290.00
Machinery and Equipment	2,723,787.00	286,095.00	(210,092.00)	2,799,790.00
General Infrastructure	1,154,725.00		(10,000.00)	1,144,725.00
Total Capital Assets, Depreciable	31,763,903.00	286,095.00	(220,092.00)	31,829,906.00
Less Accumulated Depreciation:				
Buildings	7,225,027.00	595,152.00		7,820,179.00
Leasehold Improvements	338,936.00	108,672.00		447,608.00
Machinery and Equipment	2,084,687.00	218,752.00	(210,092.00)	2,093,347.00
General Infrastructure	1,070,775.00	24,614.00	(10,000.00)	1,085,389.00
Total Accumulated Depreciation	10,719,425.00	947,190.00	(220,092.00)	11,446,523.00
Total Capital Assets, Depreciable, Net	21,044,478.00	(661,095.00)		20,383,383.00
<b>Capital Assets, Net</b>	<b>\$ 21,880,449.00</b>	<b>\$ (632,077.00)</b>	<b>\$ 0.00</b>	<b>\$ 21,248,372.00</b>

### NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Amount
Accounts Payable	\$ 104,943.74
Accrued Payroll	145,281.13
Intergovernmental Payables	25,000.83
Other	32,521.76
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 307,747.46</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6 - 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	\$ 415,467.00	\$ 501,068.00	\$ (435,557.00)	\$ 480,978.00	\$ 462,881.67

### NOTE 7 - LEASE OBLIGATIONS

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

Fiscal Year	Amount
2003	\$ 123,029.00
2004	123,029.00
2005	46,499.00
2006	6,266.00
Total Minimum Lease Payments	<u>\$ 298,823.00</u>

Rental expense for all operating leases during the year was \$33,498.20.

### NOTE 8 - REVENUES

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

	Gross Revenues	Internal Sales Eliminations	Less Scholarship Discounts	Net Revenues
<b>Operating Revenues:</b>				
Student Tuition and Fees	\$ 3,501,375.40	\$ 0.00	\$ (806,292.67)	<u>\$ 2,695,082.73</u>
<b>Sales and Services:</b>				
Sales and Services of Auxiliary Enterprises:				
Bookstore	\$ 2,008,119.29	\$ (37,540.75)	0.00	\$ 1,970,578.54
Printing	256,338.88	(245,223.56)		11,115.32
Childcare	485,160.91			485,160.91
Cafeteria	104,688.90			104,688.90
Vending	23,260.72			23,260.72
Fire Training	121,048.50			121,048.50
Parking	67,601.50			67,601.50
SGA	42,532.21			42,532.21
Sales and Services of Educational and Related Activities	<u>\$ 3,108,750.91</u>	<u>\$ (282,764.31)</u>	<u>\$ 0.00</u>	<u>\$ 2,825,986.60</u>
<b>Nonoperating - Noncapital Gifts</b>	<u>\$ 131,582.67</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 131,582.67</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 9 - 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	Total
Instruction	\$ 9,869,841.09	\$ 981,054.98	\$ 250,021.94	\$ 0.00	\$ 0.00	\$ 0.00	\$ 11,100,918.01
Public Service	316,991.66	24,572.55	140,355.26				481,919.47
Academic Support	1,661,220.11	43,074.93	63,870.52				1,768,165.56
Student Services	974,554.15	22,298.24	60,186.37				1,057,038.76
Institutional Support	2,430,913.32	97,651.62	439,608.11				2,968,173.05
Operations and Maintenance of Plant	1,274,929.37	307,262.19	885,454.08		851,511.55		3,319,157.19
Student Financial Aid				2,174,770.34			2,174,770.34
Auxiliary Enterprises	994,759.72	1,793,185.46	175,194.09				2,963,139.27
Depreciation						947,190.00	947,190.00
<b>Total Operating Expenses</b>	<u>\$ 17,523,209.42</u>	<u>\$ 3,269,099.97</u>	<u>\$ 2,014,690.37</u>	<u>\$ 2,174,770.34</u>	<u>\$ 851,511.55</u>	<u>\$ 947,190.00</u>	<u>\$ 26,780,471.65</u>

### NOTE 10 - PENSION PLAN

**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 Statutes 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contribution rates are set

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 \$15,050,271.79, of which \$12,378,056.91 was covered under the Teachers' and State Employees' Retirement System. Total employee and employer contributions for pension benefits for the year were \$742,683.40 and \$243,847.72, respectively. The College made one hundred percent of its annual required contributions for the years ended June 30, 2002, 2001, and 2000, which were \$243,847.72, \$611,549.00, and \$857,467.00, respectively.

The Teachers' and State Employees' Retirement System's 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.state.nc.us/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

**B. Deferred Compensation and 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 \$4,035.81. The voluntary contributions by employees amounted to \$152,105.00 for the year ended June 30, 2002.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 \$98,237.25 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 \$290,884.34. 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 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 and the Optional Retirement Program to the DIPNC. For the fiscal year ended June 30, 2002, the College's total contribution to the DIPNC was \$64,365.89. 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,

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 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 used for instructional purposes are covered by liability insurance handled by the State Department of Insurance. 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. 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 and a \$50,000 deductible.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 - 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 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 \$9,596,583.00 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 - 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, *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

## NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

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depreciation on capital assets, reporting revenues net of discounts and allowances, eliminating interfund 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 15 - NET ASSET RESTATEMENT

As referred to in Note 1B, 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	\$ 39,229,611.31
Implementation of GASB 34/35	<u>(11,996,879.35)</u>
July 1, 2001 Net Assets as Restated	<u>\$ 24,232,731.96</u>

***Gaston 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>							
New Public Safety Building #1121	Jan 2002	\$ 1,500,000.00	\$ 0.00	\$ 1,500,000.00	\$ 20,100.00	1.34%	Mar 2004
<b><i>Projects Pending Approval by the State Board</i></b>							
Renovation - Block Gymnasium	Sep 2001	396,044.00		396,044.00			
Renovation - Comer Building East	Sep 2001	1,100,000.00		1,100,000.00			
New Health Sciences Building	Jul 2001	4,989,955.00		4,989,955.00			
Renovation - Craig Building	Jan 2005	900,000.00		900,000.00			
Renovation - Beam Health Sciences Building	Jan 2005	730,684.00		730,684.00			
<b>Total All Projects</b>		<b>\$ 9,616,683.00</b>	<b>\$ 0.00</b>	<b>\$ 9,616,683.00</b>	<b>\$ 20,100.00</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.



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## 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. Patricia A. Skinner	President, Gaston College
Mr. Ralph Huddin	Vice President of Finance, Gaston College
Mr. Alan Albright	Chairman, Board of Trustees Gaston 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
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Senator David W. Hoyle	Representative R. Phillip Haire
Senator Ellie Kinnaid	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

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

June 6, 2003

## ORDERING INFORMATION

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Copies of this report may be obtained by contacting the:

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