

STATE OF NORTH CAROLINA

FINANCIAL STATEMENT REVIEW REPORT OF BEAUFORT COUNTY COMMUNITY COLLEGE

WASHINGTON, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2004

OFFICE OF THE STATE AUDITOR

LESLIE W. MERRITT, JR., CPA, CFP

STATE AUDITOR

FINANCIAL STATEMENT REVIEW REPORT OF

BEAUFORT COUNTY COMMUNITY COLLEGE

WASHINGTON, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2004

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STATE OF NORTH CAROLINA
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Leslie W. Merritt, Jr., CPA, CFP
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet
<http://www.ncauditor.net>

REVIEWER'S TRANSMITTAL

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

This report presents the results of our financial statement review of Beaufort County Community College, a component unit of the State of North Carolina, for the year ended June 30, 2004. Our review was made by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes* and was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a review is to achieve limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

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 Beaufort County Community College. As a result of our review, we are not aware of any material modifications necessary for the accompanying financial statements 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.

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.

Leslie W. Merritt, Jr.

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

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2 S. Salisbury Street
20601 Mail Service Center
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Leslie W. Merritt, Jr., CPA, CFP
State Auditor

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees
Beaufort County Community College
Washington, North Carolina

We have reviewed the accompanying basic financial statements of Beaufort County Community College, a component unit of the State of North Carolina, as of and for the year ended June 30, 2004, as listed in the table of contents. We conducted our review 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, as listed in the table of contents, 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.

Leslie W. Merritt, Jr.

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

March 29, 2005

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Beaufort County Community College is one of the 58 community colleges in the North Carolina Community College System. The College's service area includes Beaufort, Hyde, Tyrrell, and parts of Washington counties. The College offers both curriculum and continuing education classes.

This section of Beaufort County Community College's financial statements presents Management's Discussion and Analysis of the College's financial activity during the fiscal year ended June 30, 2004. This section is to be read in conjunction with the College's basic financial statements and the related notes.

Basic Financial Statements

The basic financial statements include the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows. The financial statements are accompanied by Notes to the Financial Statements that explain some of the information in the financial statements and provide more detail.

Statement of Net Assets: The Statement of Net Assets presents a fiscal snapshot of the College as of June 30, 2004, and includes all assets and liabilities of the College. The focus of the Statement of Net Assets is designed to be similar to bottom line results of the College. Assets and liabilities are divided into their current and noncurrent portion to give the users of these statements insight into the financial position of the College.

Statement of Revenues, Expenses, and Changes in Net Assets: Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. Revenues and expenses are presented in a classified format to distinguish between operating and nonoperating revenues and expenses.

Statement of Cash Flows: The Statement of Cash Flows provides detail on the cash activity for the year. The College has chosen to use the direct method to present cash flows.

Notes to the Financial Statements: The Notes provide additional information that is essential to a full understanding of the data provided.

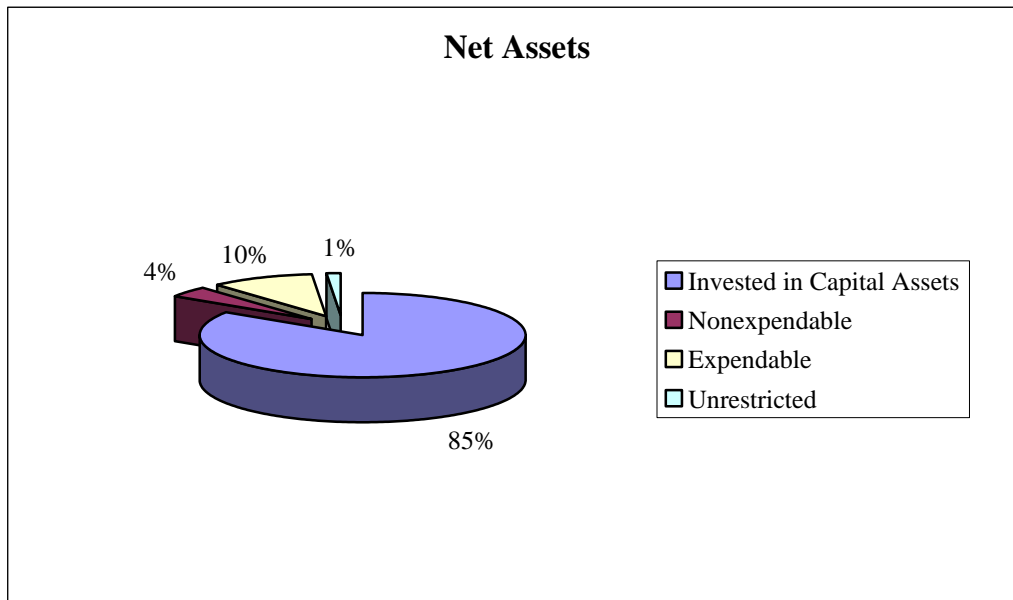
Condensed Financial Statements and Financial Analysis

This segment of the Management Discussion and Analysis will attempt to provide additional information about the basic financial statements. We will use charts and graphs to help in our explanations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Net Assets

Assets	2004	2003	<i>(in thousands)</i> Variance
Current Assets	\$ 708	\$ 773	\$ (65)
Noncurrent Assets	11,310	11,429	(119)
Total Assets	12,018	12,202	(184)
Liabilities			
Current Liabilities	328	214	114
Noncurrent Liabilities	325	206	119
Total Liabilities	653	420	233
Net Assets			
Invested in Capital Assets	9,581	9,206	375
Nonexpendable	460	415	45
Expendable	1,180	1,781	(601)
Unrestricted	144	380	(236)
Total Net Assets	\$ 11,365	\$ 11,782	\$ (417)



As shown in the Statement of Net Assets at June 30, 2004, the College continues to build upon its strong financial foundation. Current assets at June 30, 2004, were approximately \$708,000. Current assets consist primarily of cash and receivables expected to be collected within the next accounting cycle. Current liabilities consisting of accounts payable, accrued compensation, and the current portion of long-term liabilities were approximately \$328,000.

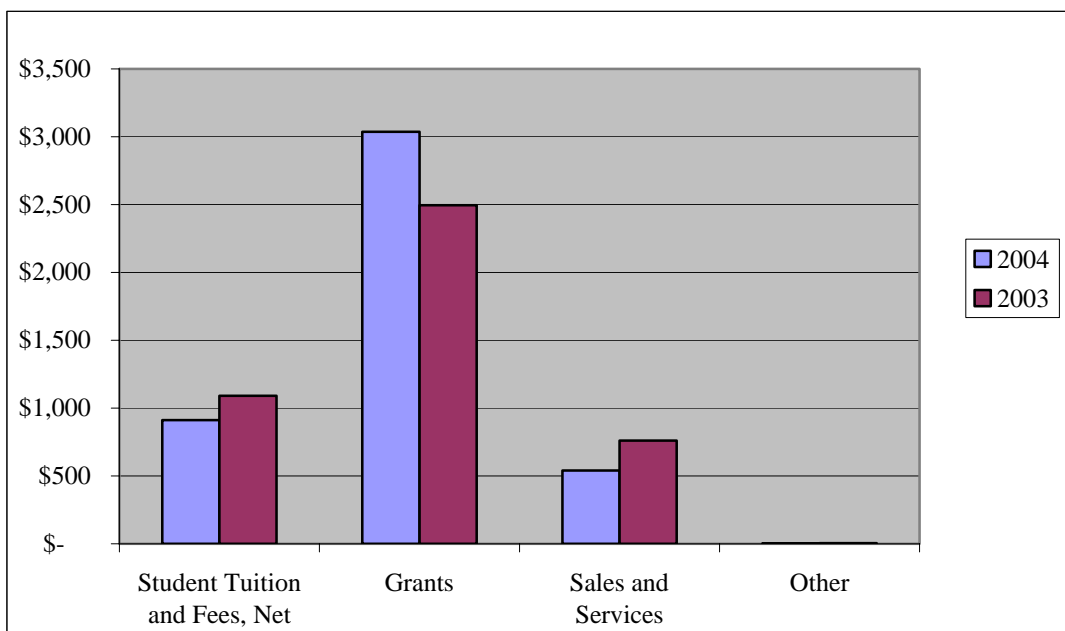
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Noncurrent assets at June 30, 2004, were approximately \$11,310,000. Noncurrent assets consist primarily of capital assets. Noncurrent liabilities consisting of compensated absences totaled approximately \$325,000. The increase in compensated absences during the current fiscal year is attributed to the college awarding 10 additional (bonus) vacation days on July 1, 2003, to all full-time employees.

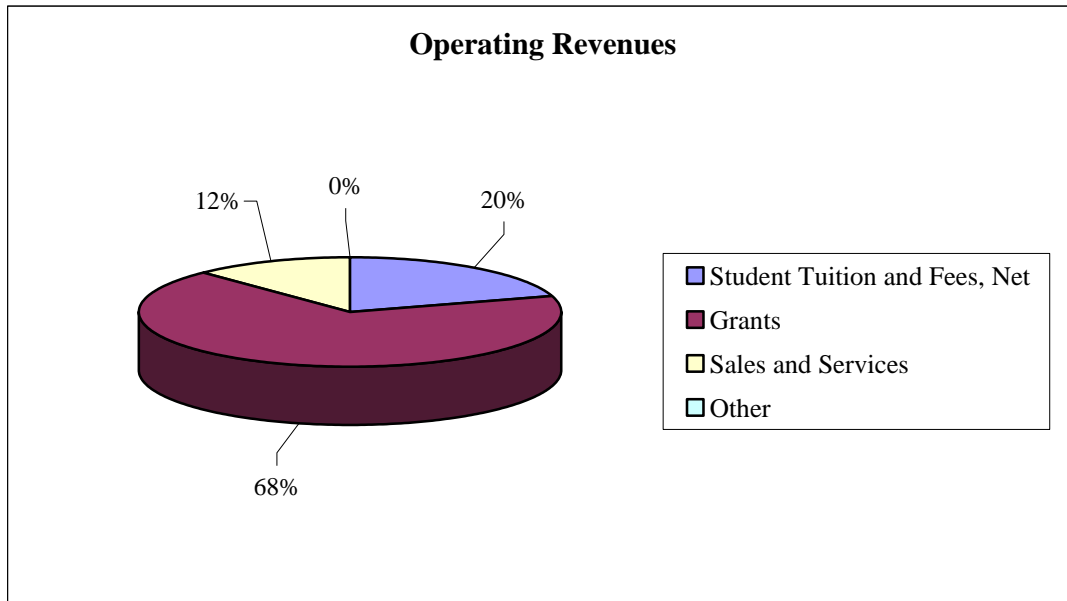
The decrease of \$417,000 in net assets is mainly attributable to a decrease in our noncurrent restricted due from primary government account. Last year we showed a receivable in the amount of \$1,344,000 and this year's receivable is only \$975,000. The increase in compensated absences is also a contributing factor to the overall decrease in net assets.

Statement of Revenues, Expenses, and Changes in Net Assets

Operating Revenues	2004	2003	<i>(in thousands)</i> Variance
Student Tuition and Fees, Net	\$ 912	\$ 1,091	\$ (179)
Grants	3,037	2,495	542
Sales and Services	540	761	(221)
Other	4	5	(1)
Total Operating Revenues	<u>\$ 4,493</u>	<u>\$ 4,352</u>	<u>\$ 141</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)



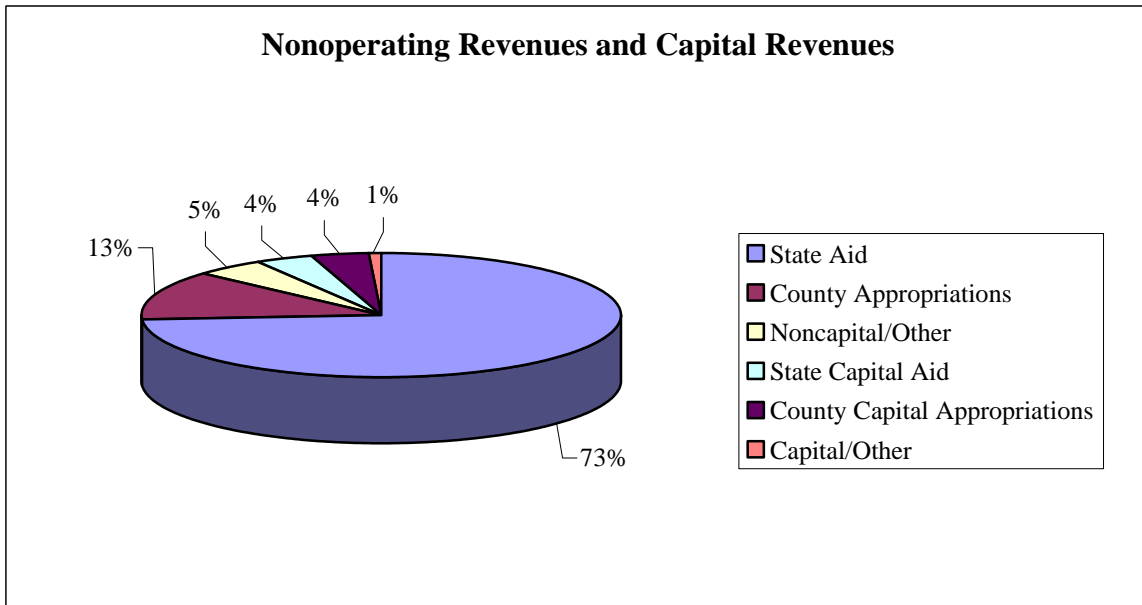
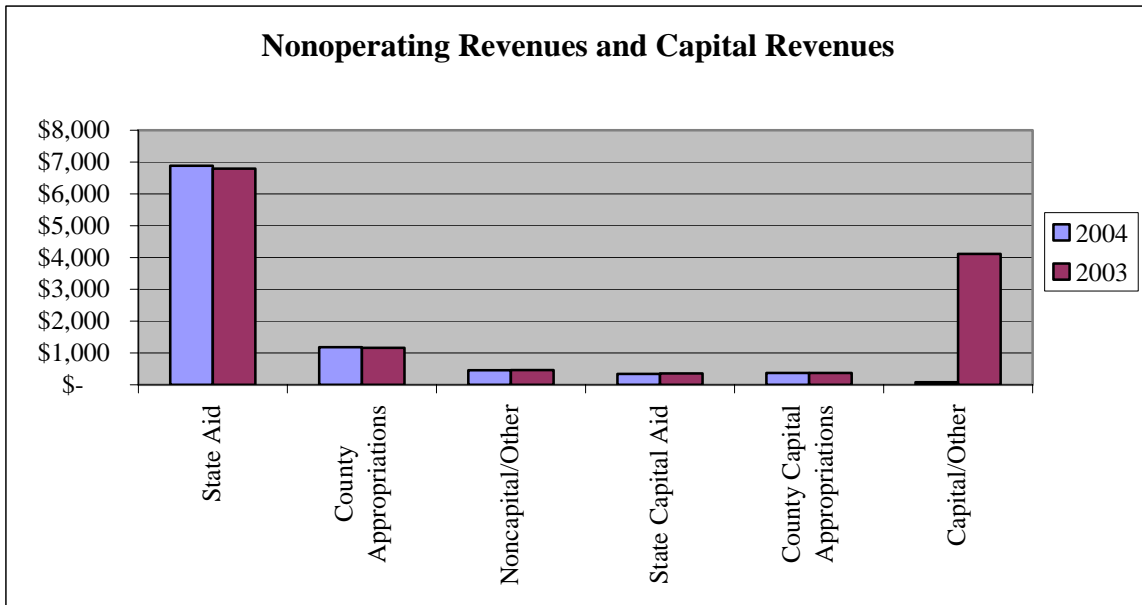
The purpose of the Statement of Revenues, Expenses, and Changes in Net Assets is to present the revenues received by the College, operating and nonoperating, and the expenses paid by the Institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the Institution.

The data above shows that the College continues to have strong and increasing operating revenues. Operating revenues approached \$4.5 million in 2004, an increase of over \$141,000 from 2003.

**Nonoperating Revenues
and Capital Revenues**

	2004	2003	<i>(in thousands)</i> Variance
State Aid	\$ 6,883	\$ 6,791	\$ 92
County Appropriations	1,184	1,164	20
Noncapital/Other	460	465	(5)
State Capital Aid	341	355	(14)
County Capital Appropriations	372	372	
Capital/Other	78	4,111	(4,033)
Total Nonoperating Revenues	\$ 9,318	\$ 13,258	\$ (3,940)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

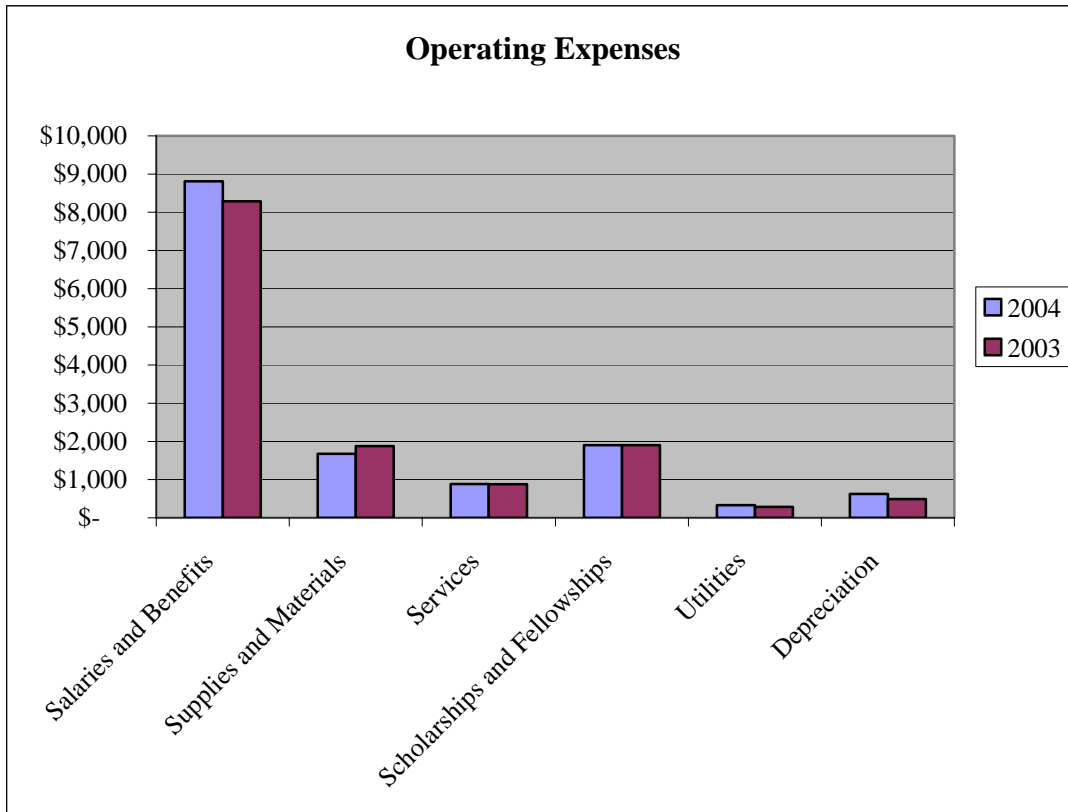


Revenue decreases were due to the College completing building number 10 in 2003, which was funded with State bond construction funds. State bond money was shown in the caption, capital/other, in the prior year. As you can tell, all other captions stayed relatively the same from the prior year.

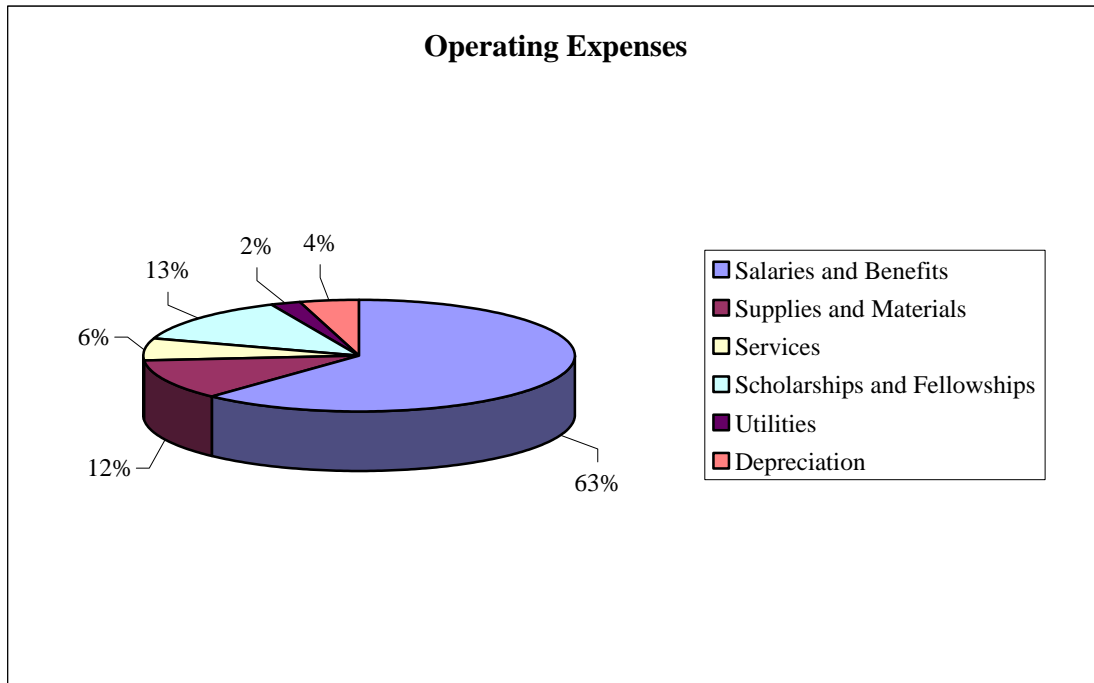
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Beaufort County continues to provide increasing financial support to the College as evidenced by the 2004-2005 budget. The College also continues to receive increasing financial support from the State.

Operating Expenses	2004	2003	<i>(in thousands)</i> Variance
Salaries and Benefits	\$ 8,812	\$ 8,285	\$ 527
Supplies and Materials	1,677	1,877	(200)
Services	884	878	6
Scholarships and Fellowships	1,900	1,900	
Utilities	331	286	45
Depreciation	624	489	135
Total Operating Expenses	\$ 14,228	\$ 13,715	\$ 513



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)



In 2003 and 2004, budgets were consistent; therefore, expenditures are consistent with the prior year.

Operating expenses for the College were over \$14.2 million in 2004. This was an increase of only \$513,000 from 2003.

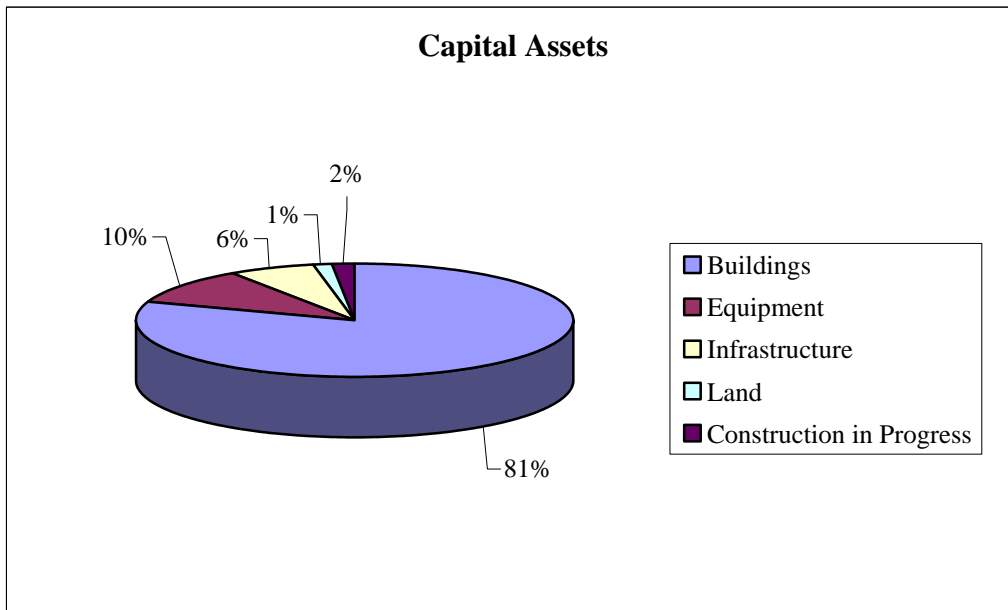
Beaufort County Community College spent over \$8.8 million on salaries and benefits in 2004, and \$8.3 million in 2003. Salaries and benefits represent 63% of the College's operating expenses in 2004.

The College also showed increases in both utilities and depreciation. This increase is mainly attributable to the addition of building number 10. Fiscal year 2004 was the first full year of operation for this building.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Nondepreciable				
Total Capital Assets, Nondepreciable	\$ 187	\$ 626	\$ 512	\$ 301
Capital Assets, Depreciable				
Total Capital Assets, Before Depreciation	<u>15,739</u>	<u>886</u>		<u>16,625</u>
Less Accumulated Depreciation				
Total Depreciation	<u>6,721</u>	<u>624</u>		<u>7,345</u>
Total Capital Assets, Depreciable, Net	<u>9,018</u>	<u>262</u>		<u>9,280</u>
Capital Assets, Net	<u>\$ 9,205</u>	<u>\$ 888</u>	<u>\$ 512</u>	<u>\$ 9,581</u>
Depreciated Assets				
Buildings	\$ 7,717	81%		
Equipment	951	10%		
Infrastructure	612	6%		
Land	129	1%		
Construction in Progress	<u>172</u>	<u>2%</u>		
	<u>\$ 9,581</u>	<u>100%</u>		



Beaufort County Community College continues to build new facilities and upgrade existing spaces to better serve the community. A new Public Safety Building was completed in 2003, and a new Public Service Building is scheduled to begin construction in 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)

Future Financial Influences

As stated above, the College will begin constructing a new Public Services Building, which will house Cosmetology, Early Childhood, and Human Services Programs. The design work for the 25,000 square foot facility has been completed and the bid process is expected to begin in the fall of 2004.

Beaufort County Community College continues to provide training opportunities for local companies through our NEIT (New and Expanding Industry Training) projects. During fiscal year 2004, the College spent over \$47 thousand on its Prettl Noma NEIT project. The College is also working with Fountain Power Boats, Coeur Medical, and Hackney Corporation on possible NEIT projects.

Continuing Education showed an increase in FTE's during fiscal year 2004. This is attributed to increases in their Occupational Extension program.

Welding careers continue to be a growing part of the local economy. Beaufort County Community College's welding programs are a major contributor to the workforce in this area. A Huskin's welding program has been started this year at Southside High School.

Nursing continues to be a strong program at the College. Our nursing graduates are highly sought by local and regional health care institutions. With the increasing demand for better childcare facilities, BCCC's Early Childhood programs are another curriculum area that continues to grow. Beaufort County Partnership for Children has funded a "Laptop for Learners" grant, which will let early childhood students utilize a laptop for use at home while taking Early Childhood courses if they meet certain criteria.

Financial aid continues to increase at Beaufort County Community College. We are expecting to continue seeing increases in the amount of Pell Grants and College Work Study Awards in the next several years.

Contacting the College's Financial Management

Our financial statements are designed to provide the citizen's of North Carolina with a general overview of the College's finances and show accountability of all funds received. If you have any questions or need additional financial information, please contact Phillip D. Price, Controller for Beaufort County Community College, at (252) 940-6213.

Beaufort County Community College
Statement of Net Assets
June 30, 2004

Exhibit A-1

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 172,417.41
Restricted Cash and Cash Equivalents	126,664.75
Short-Term Investments	26,901.00
Restricted Short-Term Investments	78,314.82
Receivables (Note 4)	96,401.55
Inventories	207,429.55
	<hr/>
Total Current Assets	708,129.08

Noncurrent Assets:

Restricted Cash and Cash Equivalents	293,772.27
Restricted Due from Primary Government	974,782.60
Endowment Investments	454,246.19
Notes Receivable (Note 4)	6,205.02
Capital Assets - Nondepreciable (Note 5)	301,329.13
Capital Assets - Depreciable, Net (Note 5)	9,279,832.83
	<hr/>
Total Noncurrent Assets	11,310,168.04

Total Assets	<hr/> <hr/> 12,018,297.12
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LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 6)	226,401.59
Deferred Revenue	57,176.09
Funds Held for Others	2,613.76
Long-Term Liabilities - Current Portion (Note 7)	42,060.09
	<hr/>
Total Current Liabilities	328,251.53

Noncurrent Liabilities:

Long-Term Liabilities (Note 7)	324,956.43
	<hr/>
Total Liabilities	653,207.96

NET ASSETS

Invested in Capital Assets	9,581,161.96
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	460,134.82
Expendable:	
Scholarships and Fellowships	85,701.14
Loans	8,957.12
Capital Projects	1,051,114.88
Other	34,321.34
Unrestricted	143,697.90
	<hr/>
Total Net Assets	\$ 11,365,089.16

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

***Beaufort County Community College
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2004***

Exhibit A-2

REVENUES

Operating Revenues:

Student Tuition and Fees, Net (Note 8)	\$ 911,621.00
Federal Grants and Contracts	2,827,753.29
State and Local Grants and Contracts	209,757.04
Sales and Services, Net (Note 8)	539,979.77
Other Operating Revenues	<u>3,963.69</u>
Total Operating Revenues	<u>4,493,074.79</u>

EXPENSES

Operating Expenses:

Salaries and Benefits	8,812,375.21
Supplies and Materials	1,676,682.08
Services	884,355.93
Scholarships and Fellowships	1,899,800.60
Utilities	331,203.80
Depreciation	<u>623,782.49</u>
Total Operating Expenses	<u>14,228,200.11</u>

Operating Loss (9,735,125.32)

NONOPERATING REVENUES

State Aid	6,883,114.52
County Appropriations	1,184,263.00
Noncapital Grants	281,079.42
Noncapital Gifts	107,710.39
Investment Income, Net	<u>70,753.41</u>
Total Net Nonoperating Revenues	<u>8,526,920.74</u>

Loss Before Other Revenues (1,208,204.58)

State Capital Aid	341,029.72
County Capital Appropriations	372,000.00
Capital Grants	39,700.00
Capital Gifts	24,733.91
Additions to Endowments	<u>13,746.72</u>

Decrease in Net Assets (416,994.23)

NET ASSETS

Net Assets, July 1, 2003	<u>11,782,083.39</u>
Net Assets, June 30, 2004	<u><u>\$ 11,365,089.16</u></u>

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

Beaufort County Community College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2004

Exhibit A-3

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 4,569,120.10
Payments to Employees and Fringe Benefits	(8,528,564.44)
Payments to Vendors and Suppliers	(3,052,487.29)
Payments for Scholarships and Fellowships	(1,899,800.60)
Loans Issued to Students	755.83
Collection of Loans to Students	3,963.69
Other Payments	(655.00)
	<u>(8,907,667.71)</u>
Net Cash Used by Operating Activities	<u>(8,907,667.71)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Aid Received	6,883,114.52
County Appropriations	1,184,263.00
Noncapital Grants Received	281,079.42
Noncapital Gifts and Endowments Received	121,457.11
	<u>8,469,914.05</u>
Cash Provided by Noncapital Financing Activities	<u>8,469,914.05</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State Capital Aid Received	710,130.75
County Capital Appropriations	372,000.00
Capital Grants Received	76,260.00
Capital Gifts Received	24,733.91
Acquisition and Construction of Capital Assets	(979,214.77)
	<u>203,909.89</u>
Net Cash Provided by Capital and Related Financing Activities	<u>203,909.89</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	<u>42,464.88</u>
Cash Provided by Investing Activities	<u>42,464.88</u>

Net Decrease in Cash and Cash Equivalents	(191,378.89)
Cash and Cash Equivalents, July 1, 2003	<u>784,233.32</u>
Cash and Cash Equivalents, June 30, 2004	<u>\$ 592,854.43</u>

**RECONCILIATION OF OPERATING LOSS
TO NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (9,735,125.32)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	623,782.49
Changes in Assets and Liabilities:	
Receivables	41,144.94
Inventories	(51,411.63)
Notes Receivable	755.83
Accounts Payable and Accrued Liabilities	11,698.99
Deferred Revenue	48,541.36
Funds Held for Others	(655.00)
Compensated Absences	153,600.63
	<u>153,600.63</u>
Net Cash Used by Operating Activities	<u>\$ (8,907,667.71)</u>

Beaufort County Community College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2004

Exhibit A-3
Page 2

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:	
Cash and Cash Equivalents	\$ 172,417.41
Restricted Cash and Cash Equivalents	126,664.75
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>293,772.27</u>
Total Cash and Cash Equivalents - June 30, 2004	<u><u>\$ 592,854.43</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through Assumption of a Liability	\$ 20,114.69
Change in Fair Value of Investments	28,288.53

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

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BEAUFORT COUNTY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

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

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

Blended Component Unit - Although legally separate, Beaufort County Community College, Foundation, Inc. is reported as if it were part of the College. The Foundation is governed by a 27-member board consisting of 3 ex officio directors and 24 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 Beaufort County Community College Board of Trustees and the Foundation's sole purpose is to benefit Beaufort County Community 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, Beaufort County Community College, P.O. Box 1069, Washington, NC 27889, or by calling (252) 940-6213. Other related foundations and similar nonprofit corporations for which the College is not financially accountable are not part of the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 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*, 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.

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.

- 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.
- D. Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, and deposits held by the State Treasurer in the short-term investment portfolio. 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 equity investments and mutual funds held by the College. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

include amounts due from private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded at book value with no provision for doubtful accounts considered necessary.

- G. Inventories** - Inventories, consisting of expendable supplies and merchandise for resale, are valued at the lower of cost or market using last invoice cost 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 more than one year. Library books are generally not considered to have a useful life of more than one year unless part of a collection and are expensed in the year of acquisition.

Depreciation is computed using the straight-line and/or units of output method over the estimated useful lives of the assets, generally 10 to 25 years for general infrastructure, 15 to 40 years for buildings, and 3 to 25 years for equipment.

- I. Restricted Assets** - Unexpended capital contributions are classified as restricted assets because their use is limited by donor/grantor agreements. Certain other assets are classified as restricted because their use is limited by external parties or statute.
- 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.

In addition to the vacation leave described above, compensated absences includes the accumulated unused portion of the special annual leave bonuses awarded by the College to all full-time permanent employees as

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

of July 1, 2003. The unused portion of this leave remains available until used, notwithstanding the limitation on annual leave carried forward described above.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

N. Revenue and Expense Recognition - The College classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) certain federal, State and local grants and contracts. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions and State aid that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

O. County Appropriations - County appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, motor vehicle purchases, and maintenance of equipment. Unexpended county current appropriation and county capital appropriation do not revert and are available for future use by the College 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 Investment Pool. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. At year-end, cash on hand was \$1,200. The carrying amount of cash on deposit was \$591,654.43 and the bank balance was \$787,561.16.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	\$ 372,166.91	\$ 464,672.76
Cash and Deposit with Private Financial Institutions	219,487.52	322,888.70
	<u>\$ 591,654.43</u>	<u>\$ 787,561.46</u>

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 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 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, 2004, \$100,000 of the bank balance was covered by federal depository insurance, and \$222,888.70 was covered by collateral held by an authorized escrow agent in the name of the State Treasurer (pooling method).

- B. Investments** - In addition to donated securities held by the College, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 nonguaranteed 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.

The College's investments are categorized to give an indication of the level of risk assumed by the College. The credit risk categories are concerned with custodial credit risk, which is the risk that a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party if the counterparty to the investment transaction fails. Category 1 includes investments that are insured or registered or for which the securities are held by the College or agent in the College's name. Category 2 includes uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent in the College's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by a counterparty's trust department or agent, but not in the College's name.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of the College's investments at June 30, 2004, is presented below:

	Fair Value			Total
	Risk Category			
	1	2	3	
Categorized Investments:				
Corporate Common Stock	\$ 12,178.00	\$ 0.00	\$ 0.00	12,178.00
Investments Not Categorized:				
Mutual Funds				547,284.01
Total Investments				\$ 559,462.01

NOTE 3 - ENDOWMENT INVESTMENTS

Investments of the College's endowment funds are pooled, unless required to be separately invested by the donor. If a donor has not provided specific instructions, State law permits the Board of Trustees to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds.

Investment return of the College's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from the College's endowment funds are based on donor fund authorities. The prior year spending percentage is increased by the inflation rate to determine the current year spending percentage. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the College uses accumulated income and appreciation from restricted, expendable net asset endowment balances to make up the difference. At June 30, 2004, net appreciation of \$111,763.24 was available to be spent, all of which was restricted to specific purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - RECEIVABLES

Receivables at June 30, 2004, were as follows:

	Receivables
Current Receivables:	
Students	\$ 21,848.32
Accounts	31,083.49
Interest on Loans	2,789.28
Other	40,680.46
Total Current Receivables	\$ 96,401.55
 Notes Receivable - Noncurrent:	
Institutional Student Loan Programs	\$ 6,205.02

NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2004, is presented as follows:

	Balance July 1, 2003	Adjustments	Increases	Balance June 30, 2004
Capital Assets, Nondepreciable:				
Land	\$ 129,283.53	\$ 0.00	\$ 0.00	\$ 129,283.53
Construction in Progress	58,389.48	(512,217.69)	625,873.81	172,039.60
Total Capital Assets, Nondepreciable	187,673.01	(512,217.69)	625,873.81	301,329.13
Capital Assets, Depreciable:				
Buildings	12,057,923.35	295,310.35		12,353,233.70
Machinery and Equipment	2,570,540.63		373,455.65	2,943,996.28
General Infrastructure	1,111,218.23	216,907.34		1,328,125.57
Total Capital Assets, Depreciable	15,739,682.21	512,217.69	373,455.65	16,625,355.55
Less Accumulated Depreciation:				
Buildings	4,309,837.20		326,007.84	4,635,845.04
Machinery and Equipment	1,767,206.01		226,052.81	1,993,258.82
General Infrastructure	644,697.02		71,721.84	716,418.86
Total Accumulated Depreciation	6,721,740.23		623,782.49	7,345,522.72
Total Capital Assets, Depreciable, Net	9,017,941.98	512,217.69	(250,326.84)	9,279,832.83
Capital Assets, Net	\$ 9,205,614.99	\$ 0.00	\$ 375,546.97	\$ 9,581,161.96

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2004, were as follows:

	Amount
Accounts Payable	\$ 62,068.48
Accrued Payroll	140,541.91
Contract Payable	23,791.20
Total Accounts Payable and Accrued Liabilities	\$ 226,401.59

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities is presented as follows:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Current Portion
Compensated Absences	\$ 213,415.89	\$ 225,215.84	\$ 71,615.21	\$ 367,016.52	\$ 42,060.09

NOTE 8 - REVENUES

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

	Gross Revenues	Less Scholarship Discounts	Net Revenues
Operating Revenues:			
Student Tuition and Fees	\$ 1,201,807.96	\$ 290,186.96	\$ 911,621.00
Sales and Services:			
Sales and Services of Auxiliary Enterprises:			
Bookstore	\$ 698,528.93	\$ 200,930.52	\$ 497,598.41
Vending	11,034.36		11,034.36
Sales and Services of Educational and Related Activities	31,347.00		31,347.00
Total Sales and Services	\$ 740,910.29	\$ 200,930.52	\$ 539,979.77

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	\$ 5,063,629.60	\$ 653,151.55	\$ 300,181.92	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,016,963.07
Academic Support	782,019.51	106,970.16	66,177.71				955,167.38
Student Services	564,749.46	21,972.44	63,735.66				650,457.56
Institutional Support	1,604,559.18	104,428.93	219,748.05				1,928,736.16
Operations and Maintenance of Plant	500,122.40	156,133.38	216,912.84		331,203.80		1,204,372.42
Student Financial Aid	223,692.07	10,117.37	4,327.47	1,899,800.60			2,137,937.51
Auxiliary Enterprises	73,602.99	623,908.25	13,272.28				710,783.52
Depreciation						623,782.49	623,782.49
Total Operating Expenses	<u>\$ 8,812,375.21</u>	<u>\$ 1,676,682.08</u>	<u>\$ 884,355.93</u>	<u>\$ 1,899,800.60</u>	<u>\$ 331,203.80</u>	<u>\$ 623,782.49</u>	<u>\$ 14,228,200.11</u>

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 cost sharing multiple-employer defined benefit pension plan administered by the North Carolina State Treasurer.

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 each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2004, these rates were set at .22% of covered payroll for employers and 6% of covered payroll for members.

For the year ended June 30, 2004, the College had a total payroll of \$7,321,771.42, of which \$6,039,246.32 was covered under the Teachers' and State Employees' Retirement System. Total employee and employer contributions for pension benefits for the year were \$362,354.78 and \$13,286.34, respectively. The College made one hundred percent of its annual required contributions for the years ended June 30, 2004, 2003, and 2002, which were \$13,286.34, \$0.00, and \$292,689.96, 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 457 Plan** - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the North Carolina Public Employee Deferred Compensation Plan (the Plan). The Plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, death, disability, retirement, or financial hardships if approved by the Board of Trustees of the Plan. The Board, a part of the North Carolina Department of Administration, maintains a separate fund for the exclusive benefit of the participating employees and their beneficiaries, *the North Carolina Public Employee Deferred Compensation Trust Fund*. The Board also contracts with an external third party to perform certain administrative requirements and to manage the trust fund's assets. All costs of administering and funding the Plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to \$4,752.00 for the year ended June 30, 2004.

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) and a 1% employer contribution for all permanent full-time employees. Total employer contributions on behalf of College law enforcement officers for the year ended June 30, 2004, were \$2,934.85 and total employer contributions on behalf of permanent full-time employees were \$60,399.90. The voluntary contributions by employees amounted to \$236,261.00 for the year ended June 30, 2004.

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 nonprofit institutions. All

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$4,610.40 for the year ended June 30, 2004.

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 3.2% of the covered payroll under the Teachers' and State Employees' Retirement System for these health care benefits. For the fiscal year ended June 30, 2004, the College's total contribution to the Plan was \$193,255.88. 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. Employer contributions are established in the Appropriations Bill by the General Assembly. The College was not required to contribute to the DIPNC for the fiscal year ended June 30, 2004. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

methods, including participation in State-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. Except for a reduction in the public officers' and employees' liability insurance from \$11,000,000 to \$5,000,000, 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 \$5,000,000 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 incurs a \$10 million self-insured deductible per occurrence. Reinsurance is purchased by the fund to cover catastrophic events in excess of the \$10 million deductible. 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. The College is protected for losses from employee dishonesty for employees paid by county and institutional funds 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. There were no employer contributions required for the current fiscal year.

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

NOTE 15 - 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 \$104,946.40 and on other purchases were \$139,580.43 at June 30, 2004.

B. Community College General Obligation Bonds - The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of \$600 million 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 were authorized for issuance 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

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

community college allotment accounts by the CCSO. The College records the allotments as revenue on the accompanying financial statements. The College's remaining authorization of \$2,964,512.00 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.

**Beaufort County Community College
Schedule of General Obligation Bond Project Authorizations,
Budgets, and Expenditures
For Project-to-Date as of June 30, 2004**

Schedule 1

Capital Improvement Projects	Original Projected Start Date	Revised/ Actual Start Date	General Obligation Bonds Authorized	Other Sources	Total Project Budget	Amount Expended	Percent Completed	Expected Completion Date	Actual Completion Date
<i>Projects Approved by the State Board</i>									
Law Enforcement/EMT/Fire Svc Training Facility #1084	Feb 2001	Feb 2001	\$ 2,936,000.00	\$ 10,000.00	\$ 2,946,000.00	\$ 2,939,789.12	100.00%	Feb 2003	May 2003
Renovations to Buildings 1, 3 and 4 #1265	Jul 2002	Jul 2002	154,895.00		154,895.00	154,895.00	100.00%	Jul 2003	Apr 2003
Public Service Building and Renovate Buildings 2 & 3 #1266	Jul 2003	May 2004	3,486,549.00	50,000.00	3,536,549.00	172,045.60	4.86%	Mar 2005	May 2006
<i>Projects Pending Approval by the State Board</i>									
Renovations to lower level of Building 5	Jul 2004	Jan 2005	601,000.00		601,000.00			Mar 2006	Jul 2006
Total All Projects			<u>\$ 7,178,444.00</u>	<u>\$ 60,000.00</u>	<u>\$ 7,238,444.00</u>	<u>\$ 3,266,729.72</u>			

Note: The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of \$600 million 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

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. David McLawhorn	President, Beaufort County Community College
Mr. Phillip Price	Dean of Administrative Services, Beaufort County Community College
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May 10, 2005

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