

STATE OF NORTH CAROLINA

FINANCIAL STATEMENT REVIEW REPORT OF

JAMES SPRUNT COMMUNITY COLLEGE

KENANSVILLE, 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

JAMES SPRUNT COMMUNITY COLLEGE

KENANSVILLE, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2004

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THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

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STATE OF NORTH CAROLINA
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REVIEWER'S TRANSMITTAL

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

This report presents the results of our financial statement review of James Sprunt 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 James Sprunt 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.

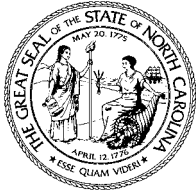
North Carolina General Statutes require the State Auditor to make reports available to the public. Copies of review reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Leslie W. Merritt, Jr.

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

TABLE OF CONTENTS

	PAGE
INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	3
FINANCIAL STATEMENTS	
Exhibits	
A-1 Statement of Net Assets.....	8
A-2 Statement of Revenues, Expenses, and Changes in Net Assets	9
A-3 Statement of Cash Flows	10
B-1 Statement of Financial Position.....	12
B-2 Statement of Activities	13
Notes to the Financial Statements	15
SUPPLEMENTARY INFORMATION	
Schedule	
1 Schedule of General Obligation Bond Project Authorizations, Budgets, and Expenditures.....	30
DISTRIBUTION OF REVIEW REPORT	31



STATE OF NORTH CAROLINA
Office of the State Auditor

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees
James Sprunt Community College
Kenansville, North Carolina

We have reviewed the accompanying financial statements of James Sprunt Community College, a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2004, which collectively comprise James Sprunt Community College's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the College's management. We did not review the financial statements of the James Sprunt Foundation, Inc., which represents 100% of the College's discretely presented component unit. Those financial statements were audited by another accountant whose report thereon has been furnished to us, and our report, insofar as it relates to the amounts included for that entity is based on the report of that accountant.

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 in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 accordingly, we do not express any form of assurance on it.

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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (CONCLUDED)

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 accordingly, we do not express any form of assurance on it.

Leslie W. Merritt, Jr.

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

May 23, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of James Sprunt Community College's Financial Statement Review Report presents Management's Discussion and Analysis of the College's financial activity during the fiscal years ended June 30, 2004, and June 30, 2003. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the transmittal letter, the College's basic financial statements and the Notes to the Financial Statements. Responsibility for the completeness and fairness of this information rests with the College.

Financial Statement Presentation

The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Assets is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term consumable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on both the gross costs and the net costs of College activities that are supported mainly by State, local, federal, and other revenues. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public. The Statement of Cash Flows presents information detailing the sources and uses of cash from operating, financing and investing activities.

As of June 30, 2004, the College was required to implement GASB Statement No. 39. This statement amended GASB Statement No. 14 to require that the financial information of the College's Foundation be presented in a separate column in the financial statement report due to the nature and significance of its relationship with the College.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Net Assets

The following condensed Statement of Net Assets compares the current year information with the prior year and indicates the monetary and percentage increase or decrease between years.

Condensed Statement of Net Assets

	2004	2003	Difference	Total Percentage Change
Current Assets	\$ 1,695,893	\$ 1,454,823	\$ 241,070	16.57 %
Capital Assets	7,044,372	7,134,813	(90,441)	(1.27) %
Other Assets	2,285,714	516,750	1,768,964	342.32 %
Total Assets	11,025,979	9,106,386	1,919,593	21.08 %
Current Liabilities	518,087	452,248	65,839	14.56 %
Long-Term Liabilities	698,851	331,632	367,219	110.73 %
Total Liabilities	1,216,938	783,880	433,058	55.25 %
Net Assets				
Invested in Capital Assets, Net of Related Debt	6,988,350	7,254,737	(266,387)	(3.67) %
Restricted	2,610,297	371,727	2,238,570	602.21 %
Unrestricted	210,394	696,042	(485,648)	(69.77) %
Total Net Assets	\$ 9,809,041	\$ 8,322,506	\$ 1,486,535	17.86 %

During the current fiscal year the College's net assets increased by \$1,486,535. This large increase was, in part, a result of the authorization of \$1,783,718 in general obligation bond funds, of which \$104,609 was received during this fiscal year, leaving a receivable of \$1,679,109. These funds can be used to fund various capital projects as approved by the State Board of Community Colleges. To account for the difference in the variance, there was also a large increase in long-term liabilities. Due to an oversight during the prior year, accrued bonus leave was not included in the payable amount and therefore it was understated for that year. The current year payable includes \$377,755 in accrued bonus leave.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Revenues, Expenses, and Changes in Net Assets

The following comparative statement for fiscal years ending 2004 and 2003 reflects the monetary and percentage increase or decrease in reported revenues and expenses between years.

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

	2004	2003	Difference	Total Percentage Change
Operating Revenues:				
Student Tuition and Fees	\$ 699,818	\$ 446,591	\$ 253,227	56.70 %
Federal Grants and Contracts	3,295,436	3,496,038	(200,602)	(5.74) %
State and Local Grants and Contracts	149,537	59,143	90,394	152.84 %
Sales and Services	418,310	648,064	(229,754)	(35.45) %
Other Operating Revenues	2,411	4,561	(2,150)	(47.14) %
Total Operating Revenues	4,565,512	4,654,397	(88,885)	(1.91) %
Less Operating Expenses	12,650,509	11,614,034	1,036,475	8.92 %
Operating Loss	(8,084,997)	(6,959,637)	(1,125,360)	16.17 %
Nonoperating Revenues:				
State Aid	5,642,325	5,168,624	473,701	9.16 %
County Appropriations	1,028,328	1,008,164	20,164	2.00 %
Noncapital Grants	187,548	193,634	(6,086)	(3.14) %
Noncapital Gifts		29,647	(29,647)	(100.00) %
Investment Income	27,798	36,995	(9,197)	(24.86) %
Other Revenues:				
State Capital Aid	2,315,273	391,468	1,923,805	491.43 %
County Capital Aid	370,260	363,000	7,260	2.00 %
Total Nonoperating Revenues	9,571,532	7,191,532	2,380,000	33.09 %
Change in Net Assets	1,486,535	231,895	1,254,640	541.04 %
Net Assets - Beginning of Year	8,322,506	8,090,611	231,895	2.87 %
Net Assets - End of Year	\$ 9,809,041	\$ 8,322,506	\$ 1,486,535	17.86 %

The State and local grants increase was due to the addition of NCCC Grants of \$83,249. The disbursing of these grants was handled through the system office in the prior year. That responsibility was shifted to the College during the current year. The decrease in sales and services revenue was a result of scholarship discounts being prorated between the bookstore and student tuition and fees during the current year. The scholarship discount amount was shown as a reduction to student tuition and fees only in the prior year. The total scholarship discount amount was \$604,439, of which \$181,332 was correctly netted against sales and services and the remaining \$423,107 was shown as a reduction to student tuition and fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The State capital aid increase is due to the authorization of \$1,783,718 in general obligation bonds as mentioned earlier. These funds were available for use during this fiscal year and therefore revenue was recognized for this amount. Although State appropriations are used to cover operating expenses, GASB Statement No. 35 requires that they be reported as nonoperating revenue. With adherence to this standard, the College will always report an operating loss.

Capital Assets

At June 30, 2004, the College reported \$11.44 million invested in capital assets less \$4.40 million in accumulated depreciation for net capital assets of \$7.04 million. Funds from the general obligation bonds approved in 2000 for capital improvements for the North Carolina Community College System were received during the year and were used to continue the repair and renovation work on several campus buildings and infrastructure. The final phase of this project is due to be completed by June 2006. Additional projects underway include an ADA compliance project and the construction of a Technology Building addition. The sum of \$2.32 million dollars in general obligation bonds has been authorized for these projects.

	<u>2004</u>	<u>2003</u>	<u>Total Percentage Change</u>
Land	\$ 106,360	\$ 106,360	0.0 %
Construction in Progress	126,372	175,035	(27.8) %
Buildings	4,869,345	5,022,280	(3.0) %
Machinery and Equipment	452,134	508,367	(11.1) %
General Infrastructure	<u>1,490,161</u>	<u>1,322,771</u>	12.7 %
Totals	<u>\$ 7,044,372</u>	<u>\$ 7,134,813</u>	(1.3) %

Debt

The College reported long-term debt of \$767,046 as of June 30, 2004. This balance consists of a note payable and accrued vacation. A note payable in the amount of \$56,022 for the cost of the implementation of the energy savings program entered into with Johnson Controls, Inc., will mature in September 2005. The current portion reported for this note is \$27,265. The liability for accrued vacation is \$711,024, of which \$40,930 is reported as current.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)

Cash Flow

The following condensed Statement of Cash Flows shows the source or use of funds by major activity category.

	<u>2004</u>	<u>2003</u>
Cash Provided (Used) by:		
Operating Activities	\$ (7,025,509)	\$ (6,786,427)
Noncapital Financing Activities	6,858,201	6,472,704
Capital Financing Activities	650,091	41,434
Investing Activities	<u>27,798</u>	<u>36,995</u>
Net Change in Cash and Cash Equivalents	510,581	(235,294)
Cash and Cash Equivalents, Beginning of Year	<u>1,394,153</u>	<u>1,629,447</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,904,734</u>	<u>\$ 1,394,153</u>

The major funding sources from operating activities included contracts and grants (\$3.44 million), sales and services (\$418,310), and student tuition and fees (\$699,818).

Major uses of funds from operating activities included employee compensation (\$7.97 million), payment for goods and services (\$2.77 million), and scholarship payments (\$1.29 million).

Cash provided by noncapital financing activities included State appropriations (\$5.64 million), county appropriations (\$1.03 million), and grants (\$187,547).

The major sources of cash provided by capital financing activities include State capital appropriations actually received (\$636,165) and county capital appropriations (\$370,260). The major uses of these funds were for acquisition of capital assets (\$330,483) and interest paid on a capital note payable (\$25,851).

Economic Factors and Next Year's Budget

At fiscal year ended June 30, 2004, the College had not received any official information on the 2004-2005 budget. However, the State of North Carolina is continuing to encounter a budget crisis and the College anticipates further decreases in State appropriations in the upcoming year.

James Sprunt Community College
Statement of Net Assets
June 30, 2004

Exhibit A-1

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,119,196.20
Restricted Cash and Cash Equivalents	178,932.75
Receivables, Net (Note 3)	232,639.42
Inventories	165,124.35

Total Current Assets	1,695,892.72
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Noncurrent Assets:

Restricted Cash and Cash Equivalents	606,604.82
Restricted Due from Primary Government	1,679,109.23
Capital Assets - Nondepreciable (Note 4)	232,732.47
Capital Assets - Depreciable, Net (Note 4)	6,811,639.51

Total Noncurrent Assets	9,330,086.03
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Total Assets	11,025,978.75
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LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 5)	121,355.41
Deferred Revenue	91,688.75
Funds Held for Others	236,847.75
Long-Term Liabilities - Current Portion (Note 6)	68,195.48

Total Current Liabilities	518,087.39
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Noncurrent Liabilities:

Long-Term Liabilities (Note 6)	698,850.64
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Total Liabilities	1,216,938.03
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	6,988,349.61
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Restricted for:

Nonexpendable:

Scholarships and Fellowships	16,911.97
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Expendable:

Scholarships and Fellowships	10,981.68
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Loans	6,659.50
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Capital Projects	2,546,558.33
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Other	29,185.94
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Unrestricted	210,393.69
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Total Net Assets	\$ 9,809,040.72
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The accompanying notes to the financial statements are an integral part of this statement.

***James Sprunt 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)	\$ 699,817.56
Federal Grants and Contracts	3,295,436.37
State and Local Grants and Contracts	149,537.45
Sales and Services, Net (Note 8)	418,309.92
Other Operating Revenues	2,410.98

Total Operating Revenues	4,565,512.28
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EXPENSES

Operating Expenses:

Salaries and Benefits	7,972,894.80
Supplies and Materials	1,371,114.46
Services	1,400,984.14
Scholarships and Fellowships	1,288,269.33
Utilities	196,323.04
Depreciation	420,923.58

Total Operating Expenses	12,650,509.35
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Operating Loss	(8,084,997.07)
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NONOPERATING REVENUES

State Aid	5,642,325.37
County Appropriations	1,028,328.00
Noncapital Grants	187,547.52
Investment Income	27,798.14

Net Nonoperating Revenues	6,885,999.03
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Loss Before Other Revenues	(1,198,998.04)
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State Capital Aid	2,315,272.59
County Capital Appropriations	370,260.00

Increase in Net Assets	1,486,534.55
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NET ASSETS

Net Assets, July 1, 2003	8,322,506.17
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Net Assets, June 30, 2004	\$ 9,809,040.72
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The accompanying notes to the financial statements are an integral part of this statement.

James Sprunt 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	\$ 4,815,024.98
Payments to Employees and Fringe Benefits	(7,571,707.68)
Payments to Vendors and Suppliers	(3,007,052.49)
Payments for Scholarships and Fellowships	(1,288,269.33)
Other Receipts	<u>26,495.25</u>

Net Cash Used by Operating Activities (7,025,509.27)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Aid Received	5,642,325.37
County Appropriations	1,028,328.00
Noncapital Grants Received	<u>187,547.52</u>

Net Cash Provided by Noncapital Financing Activities 6,858,200.89

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State Capital Aid Received	636,165.10
County Capital Appropriations	370,260.00
Acquisition and Construction of Capital Assets	(330,482.75)
Principal Paid on Capital Debt and Leases	<u>(25,851.41)</u>

Net Cash Provided by Capital and Related Financing Activities 650,090.94

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	<u>27,798.14</u>
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Net Increase in Cash and Cash Equivalents 510,580.70
Cash and Cash Equivalents, July 1, 2003 1,394,153.07

Cash and Cash Equivalents, June 30, 2004 \$ 1,904,733.77

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

Operating Loss	\$ (8,084,997.07)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	420,923.58
Changes in Assets and Liabilities:	
Receivables, Net	221,068.99
Due from Community College Component Units	(41,413.93)
Accounts Payable and Accrued Liabilities	(3,411.79)
Deferred Revenue	28,443.71
Funds Held for Others	26,495.25
Compensated Absences	<u>407,381.99</u>

Net Cash Used by Operating Activities \$ (7,025,509.27)

James Sprunt 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	\$ 1,119,196.20
Restricted Cash and Cash Equivalents	178,932.75

Noncurrent Assets:

Restricted Cash and Cash Equivalents	<u>606,604.82</u>
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Total Cash and Cash Equivalents - June 30, 2004

\$ 1,904,733.77

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Increase in Receivables Related to Nonoperating Income	1,679,107.49
Capital Asset Write-Offs	13,191.93

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

James Sprunt Foundation, Inc.
Statement of Financial Position
June 30, 2004

Exhibit B-1

CURRENT ASSETS

Cash and Cash Equivalents	\$	91,836
Investments		189,835
Interest Receivable		195
Loans Receivable, Less Allowance of \$16,859		<u>13,128</u>
Total Current Assets		<u>294,994</u>

ENDOWMENT INVESTMENTS

Cash and Cash Equivalents		165,519
Investments		<u>450,695</u>
Total Endowment Investments		<u>616,214</u>

FIXED ASSETS

Computer Equipment		3,890
Less: Accumulated Depreciation		<u>(3,890)</u>
Total Assets	\$	<u><u>911,208</u></u>

NET ASSETS

Unrestricted	\$	376,685
Permanently Restricted		<u>534,523</u>
Total Net Assets	\$	<u><u>911,208</u></u>

See Note 1 in the Notes to the Financial Statements

James Sprunt Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2004

Exhibit B-2

CHANGES IN UNRESTRICTED NET ASSETS

Support:

Contributions	\$ 5,768
Scholarship Income	5,647
Special Events	<u>30,622</u>
Total Unrestricted Support	<u>42,037</u>

Revenue:

Endowment and Other Investment Income	17,264
Net Gain on Investments	24,317
Bad Debt Recovery	<u>934</u>
Total Unrestricted Revenue	<u>42,515</u>

Total Unrestricted Support and Revenue	<u>84,552</u>
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Expenses:

Program Services	
Financial Aid	34,238
Communications and Development	6,268
Educational Services	<u>350</u>
Total Program Services	<u>40,856</u>

Supporting Activities

General Administration	16,176
Rent Expense	300
Special Event Expense	<u>21,171</u>
Total Supporting Activities	<u>37,647</u>

Total Expenses	78,503
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Increase in Unrestricted Net Assets	<u>6,049</u>
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CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

Endowment Contributions	<u>44,303</u>
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Increase in Permanently Restricted Net Assets	<u>44,303</u>
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Increase in Net Assets	50,352
Net Assets at Beginning of Year	<u>860,856</u>

Net Assets at End of Year	<u>\$ 911,208</u>
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See Note 1 in the Notes to the Financial Statements

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**JAMES SPRUNT 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. James Sprunt 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 discretely presented in the financial statements. Discretely presented component unit's financial data are reported in separate financial statements because of its use of a different GAAP reporting model and to emphasize its legal separateness.

Discretely Presented Component Unit - The James Sprunt Foundation, Inc., (Foundation) is a legally separate not-for-profit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation's board consists of 15 members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2004, the Foundation distributed \$28,679 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from (910) 296-2416.

- 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, savings accounts, and deposits held by the State Treasurer in the short-term investment portfolio. The short-term investment portfolio maintained by

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

- E. Receivables** - Receivables consist of tuition and fees charges to students and charges for auxiliary enterprises' sales and services. Receivables are recorded net of estimated uncollectible amounts.
- F. Inventories** - Inventories, consisting of expendable supplies, are valued at cost using the first-in, first-out method. Merchandise for resale is valued using the retail inventory method.
- G. Capital Assets** - Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The College capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of 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 five to 15 years for equipment.

- H. 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.
- I. Noncurrent Long-Term Liabilities** - Noncurrent long-term liabilities include notes payable and compensated absences that will not be paid within the next fiscal year.
- J. Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

bonuses awarded by the College to all full-time permanent employees as of September 30, 2002, and as 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.

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

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

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

Unrestricted Net Assets - Unrestricted net assets include resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the College.

L. Scholarship Discounts - Student tuition and fees revenues and certain other revenues from College charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. The scholarship discount is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, State, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship discount.

M. Revenue and Expense Recognition - The College classifies its revenues and expenses as operating or nonoperating in the accompanying

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

- N. County Appropriations** - County appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, motor vehicle 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

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 \$600.00. The carrying amount of cash on deposit was \$1,904,133.77 and the bank balance was \$1,940,585.23.

The North Carolina Administrative Code (20 NCAC 7) requires all depositories to collateralize public deposits in excess of federal depository insurance coverage by using one of two methods, dedicated or pooled. Under the dedicated method, a separate escrow account is established by each depository in the name of each local governmental unit and the responsibility of monitoring collateralization rests with the local unit. Under the pooling method, each depository establishes an escrow account in the name of the State

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	\$ 601,665.58	\$ 601,665.58
Cash on Deposit with Private Financial Institutions	1,302,468.19	1,338,919.65
	\$ 1,904,133.77	\$ 1,940,585.23

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, \$200,000.00 of the bank balance was covered by federal depository insurance, \$1,138,919.65 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)

NOTE 3 - RECEIVABLES

Receivables at June 30, 2004, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	\$ 150,269.54	\$ 67,589.59	\$ 82,679.95
Accounts	149,959.47		149,959.47
Total Current Receivables	\$ 300,229.01	\$ 67,589.59	\$ 232,639.42

NOTE 4 - 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	Decreases	Balance June 30, 2004
Capital Assets, Nondepreciable:					
Land	\$ 106,360.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 106,360.00
Construction in Progress	175,035.48		299,920.79	348,583.80	126,372.47
Total Capital Assets, Nondepreciable	281,395.48		299,920.79	348,583.80	232,732.47
Capital Assets, Depreciable:					
Buildings	8,652,175.66	(261,304.72)			8,390,870.94
Machinery and Equipment	1,271,665.86	(305,812.43)	29,433.04	7,099.90	988,186.57
General Infrastructure	917,792.96	567,117.15	349,712.72		1,834,622.83
Total Capital Assets, Depreciable	10,841,634.48		379,145.76	7,099.90	11,213,680.34
Less Accumulated Depreciation:					
Buildings	3,294,373.58	74,216.68	152,935.44		3,521,525.70
Machinery and Equipment	457,487.00		85,665.49	7,099.90	536,052.59
General Infrastructure	236,356.57	(74,216.68)	182,322.65		344,462.54
Total Accumulated Depreciation	3,988,217.15		420,923.58	7,099.90	4,402,040.83
Total Capital Assets, Depreciable, Net	6,853,417.33		(41,777.82)		6,811,639.51
Capital Assets, Net	\$ 7,134,812.81	\$ 0.00	\$ 258,142.97	\$ 348,583.80	\$ 7,044,371.98

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Amount
Accounts Payable	\$ 79,382.65
Accrued Payroll	28,329.14
Other	13,643.62
Total Accounts Payable and Accrued Liabilities	\$ 121,355.41

NOTE 6 - LONG-TERM LIABILITIES

A. Changes in 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
Notes Payable	\$ 81,873.78	\$ 0.00	\$ 25,851.41	\$ 56,022.37	\$ 27,265.49
Compensated Absences	303,641.76	650,937.30	243,555.31	711,023.75	40,929.99
Total Long-Term Liabilities	\$ 385,515.54	\$ 650,937.30	\$ 269,406.72	\$ 767,046.12	\$ 68,195.48

B. Notes Payable - The College was indebted for notes payable for the purpose shown in the following table:

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2004	Principal Outstanding June 30, 2004
Upgrade Electrical	BB&T	5.47%	09/04/2005	\$ 230,000.00	\$ 173,977.63	\$ 56,022.37

The annual requirements to pay principal and interest on the notes payable at June 30, 2004, are as follows:

Fiscal Year	Annual Requirements	
	Notes Payable	
	Principal	Interest
2005	\$ 27,265.49	\$ 3,064.42
2006	28,756.88	1,573.03
Total Requirements	\$ 56,022.37	\$ 4,637.45

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2004:

<u>Fiscal Year</u>	<u>Amount</u>
2005	\$ 60,438.96
2006	60,438.96
2007	60,438.96
2008	<u>25,813.50</u>
Total Minimum Lease Payments	<u>\$ 207,130.38</u>

Rental expense for all operating leases during the year was \$71,665.17.

NOTE 8 - REVENUES

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

	<u>Gross Revenues</u>	<u>Less Scholarship Discounts</u>	<u>Net Revenues</u>
Operating Revenues:			
Student Tuition and Fees	<u>\$ 1,122,925.16</u>	<u>\$ 423,107.60</u>	<u>\$ 699,817.56</u>
Sales and Services:			
Sales and Services of Auxiliary Enterprises:			
Bookstore	\$ 522,269.98	\$ 181,331.83	\$ 340,938.15
Other	<u>77,371.77</u>	<u>77,371.77</u>	<u>77,371.77</u>
Total Sales and Services	<u>\$ 599,641.75</u>	<u>\$ 181,331.83</u>	<u>\$ 418,309.92</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	\$ 4,031,623.39	\$ 666,706.87	\$ 203,489.97	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,901,820.23
Academic Support	679,455.35	49,801.55	25,396.85				754,653.75
Student Services	703,230.27	34,795.90	327,584.06	29,152.53			1,094,762.76
Institutional Support	1,444,055.02	79,035.62	404,271.66	1,652.72			1,929,015.02
Operations and Maintenance of Plant	392,502.53	125,016.19	261,324.36		196,323.04		975,166.12
Student Financial Aid	684,747.35	34,837.95	132,139.95	1,257,464.08			2,109,189.33
Auxiliary Enterprises	37,280.89	380,920.38	46,777.29				464,978.56
Depreciation						420,923.58	420,923.58
Total Operating Expenses	<u>\$ 7,972,894.80</u>	<u>\$ 1,371,114.46</u>	<u>\$ 1,400,984.14</u>	<u>\$ 1,288,269.33</u>	<u>\$ 196,323.04</u>	<u>\$ 420,923.58</u>	<u>\$ 12,650,509.35</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 \$6,410,858.01, of which \$5,765,061.50 was covered under the Teachers' and State Employees' Retirement System. Total employee and employer contributions for pension benefits for the year were \$345,903.78 and \$12,683.14, respectively. The College made one hundred percent of its annual required contributions for the years ended June 30, 2004, 2003, and 2002, which were \$12,683.14, \$0.00, and \$103,288.73, 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$21,905.00 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. The voluntary contributions by employees amounted to \$55,172.00 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 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 \$82,996.00 for the year ended June 30, 2004.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$184,481.92. 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 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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. Losses from employee dishonesty and computer fraud by employees paid from county and institutional funds are covered by contracts with private insurance companies.

Employees and retirees are provided health care coverage by the Comprehensive Major Medical Plan (Plan), a component unit of the State. The Plan is funded by employer and employee contributions and is administered by a third-party contractor.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES

- A. Commitments** - The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were \$1,679,107.93 at June 30, 2004.
- B. Pending Litigation and Claims** - The College is a party to other litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. College management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the College.
- C. Community College General Obligation Bonds** - The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of \$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 community college allotment accounts by the CCSO. The College

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

records the allotments as revenue on the accompanying financial statements. The College's remaining authorization of \$531,319.00 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 - CHANGE IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2004, the College implemented Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship to the College.

**James Sprunt 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	Original Expected Completion Date	Revised/ Actual Completion Date
Projects Approved by the State Board									
Technology Addition - Classroom Facilities/Laboratories	Jul 2002	May 2004	\$ 1,783,718.00	\$ 0.00	\$ 1,783,718.00	\$ 104,610.07	5.86%	Sep 2004	Feb 2005
Lab/Class Repairs/Elect & Technological Infrastructure	Jan 2004	Nov 2004	266,319.00		266,319.00			Mar 2004	Jun 2005
Classroom Repairs/ADA Compliance	Jan 2005	Jul 2005	265,000.00		265,000.00			Mar 2006	Jun 2006
Exterior Campus Lighting #1163	Nov 2001	Nov 2001	223,414.00		223,414.00	223,414.00	100.00%	Feb 2003	Feb 2003
HVAC/Roof Repair/Sidewalk Repair ADA/OSHA #1164	Apr 2001	Apr 2001	176,586.00		176,586.00	176,586.00	100.00%	Jun 2002	Jun 2002
Total All Projects			<u>\$ 2,715,037.00</u>	<u>\$ 0.00</u>	<u>\$ 2,715,037.00</u>	<u>\$ 504,610.07</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.

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. Lawrence L. Rouse, President	President, James Sprunt Community College
Mr. John C. Hardison, III	Dean of Administrative and Fiscal Services James Sprunt Community College
Mrs. Zettie Williams	Chairperson, Board of Trustees James Sprunt Community College

LEGISLATIVE BRANCH

Appointees to the Joint Legislative Commission on Governmental Operations

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Senator Marc Basnight, Co-Chair	Representative James B. Black, Co-Chair
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