

STATE OF NORTH CAROLINA

FINANCIAL STATEMENT REVIEW REPORT OF

JOHNSTON COMMUNITY COLLEGE

SMITHFIELD, 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

JOHNSTON COMMUNITY COLLEGE

SMITHFIELD, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2004

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STATE OF NORTH CAROLINA
Office of the State Auditor

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, Johnston Community College

This report presents the results of our financial statement review of Johnston 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 Johnston 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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20601 Mail Service Center
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees
Johnston Community College
Smithfield, North Carolina

We have reviewed the accompanying financial statements of Johnston 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 Johnston 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 Johnston Community College Foundation, Inc., which represent 100% of the College's discretely presented component units. Those financial statements were audited by other accountants 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 the other accountants.

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 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.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (CONCLUDED)

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

May 31, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management discussion and analysis presents Johnston Community College's financial activity during fiscal year June 30, 2004, with comparative totals for June 30, 2003. This analysis is provided to give the reader an introduction and overview of the financial statements based on currently known facts, decisions, or conditions.

Introduction to the Financial Statements

The basic financial statements include 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 supplement information provided in the financial statements.

Exhibit A-1 – Statements of Net Assets: Assets and Liabilities are presented in a format that distinguishes between current and noncurrent assets and liabilities.

Exhibit A-2 – Statement of Revenues, Expenses, and Changes in Net Assets: Revenue and expenses are presented in a format that distinguishes between operating and nonoperating revenues and expenses.

Exhibit A-3 – State of Cash Flows: The direct method is used 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Comparative Condensed Financial Statements

	2004	2003
Assets		
Current Assets	\$ 2,333,845.32	\$ 2,020,173.74
Noncurrent Assets:		
Capital Assets, Net	26,148,697.11	24,351,554.35
Other	5,275,637.61	2,014,771.03
Total Assets	33,758,180.04	28,386,499.12
Liabilities		
Current Liabilities	1,320,656.60	1,213,968.56
Noncurrent Liabilities	2,411,630.57	2,209,619.59
Total Liabilities	3,732,287.17	3,423,588.15
Net Assets		
Invested in Capital Assets, Net of Related Debt	24,726,692.71	22,812,671.28
Restricted – Expendable	5,813,934.93	1,923,135.20
Unrestricted	(514,734.77)	227,104.49
Total Net Assets	\$ 30,025,892.87	\$ 24,962,910.97
Operating Revenue		
Student Tuition and Fees, Net	\$ 1,505,055.17	\$ 2,496,297.54
Federal Grants and Contracts	2,776,238.93	1,881,015.39
State Grants and Contracts	349,642.50	155,538.85
Auxiliary	1,127,426.90	1,280,885.86
Total Operating revenues	5,758,363.50	5,813,737.64
Nonoperating Revenues		
State Aid	12,392,671.58	11,082,623.12
County Appropriations	2,418,080.00	1,978,700.00
Noncapital Grants	323,036.61	350,104.98
Noncapital Gifts	14,215.00	21,329.00
Investment Income	14,426.40	52,788.32
Other Nonoperating Income	224,612.73	828,941.38
Net Nonoperating Revenues	15,387,042.32	14,314,486.80
Total Revenue Before Capital Revenues	21,145,405.82	20,128,224.44
Capital Revenues		
State Capital Aid	5,834,219.93	1,562,214.15
County Capital Appropriations	50,590.00	81,180.00
Capital Grants	1,596,607.39	2,823,607.97
Total Capital Revenues	7,481,417.32	4,467,002.12
Total Revenues	\$ 28,626,823.14	\$ 24,595,226.56

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

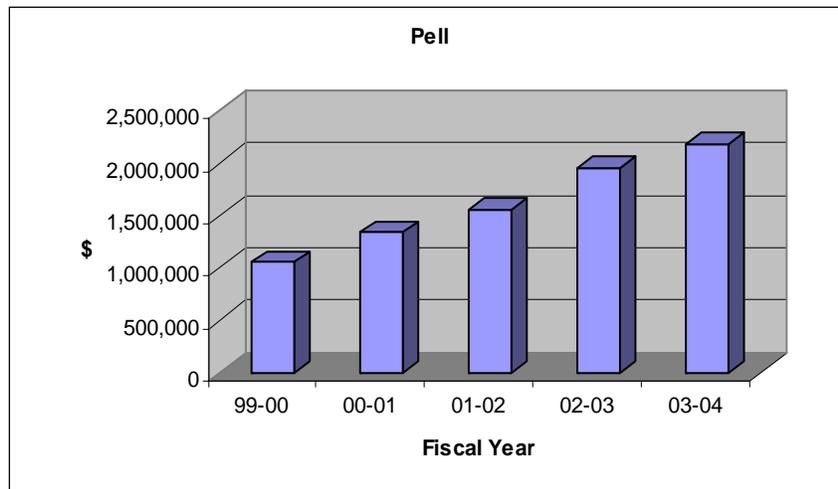
	<u>2004</u>	<u>2003</u>
Operating Expenses		
Personal Services	\$ 15,309,969.09	\$ 14,178,960.25
Supplies and Materials	2,861,666.84	2,693,710.19
Services	2,344,790.25	2,223,781.44
Scholarships and Fellowships	1,366,349.08	1,619,894.12
Utilities	459,877.14	433,476.83
Depreciation	1,221,188.84	1,127,644.75
	<u>23,563,841.24</u>	<u>22,277,467.58</u>
Change in Net Assets		
Net Assets – Beginning of Year	24,962,910.97	22,645,151.99
Restatements		
Increase in Net Assets	<u>5,062,981.90</u>	<u>2,317,758.98</u>
	<u>\$ 30,025,892.87</u>	<u>\$ 24,962,910.97</u>

Analysis of the College's Overall Financial Position

Financial Highlights

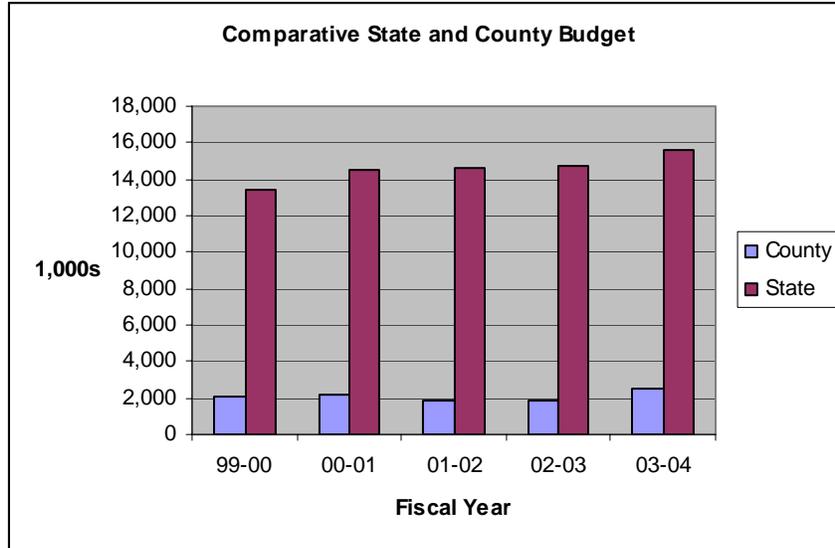
The Britt building was completed during the year at a cost of over \$3 million adding an additional 28,614 square feet to campus facilities. Wilson building addition and renovation projects for Wilson, Truck Driver Training and Elsie were approved by the State Board of Community Colleges with a commitment of \$ 4.8 million from state bond funds.

Pell financial aid has increased each year over the last five years. Fiscal year 2003-2004 increased \$225,000 over the prior year. This increase was due to a \$50 increase in 2003-2004 in the maximum Pell available per student and an increase of 87 students receiving Pell in 2003-2004 over the prior year.

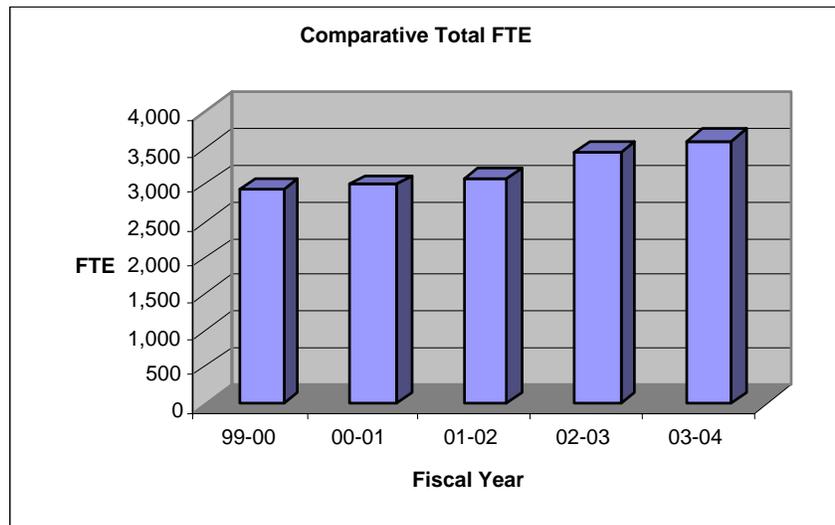


MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

State and county governments have continued to support the college with 2003-2004 budgets of \$15,565,166 and \$2,468,670 respectively. Fiscal year 2003-2004 budget increases over the prior year were \$885,934 State and \$566,373 county.

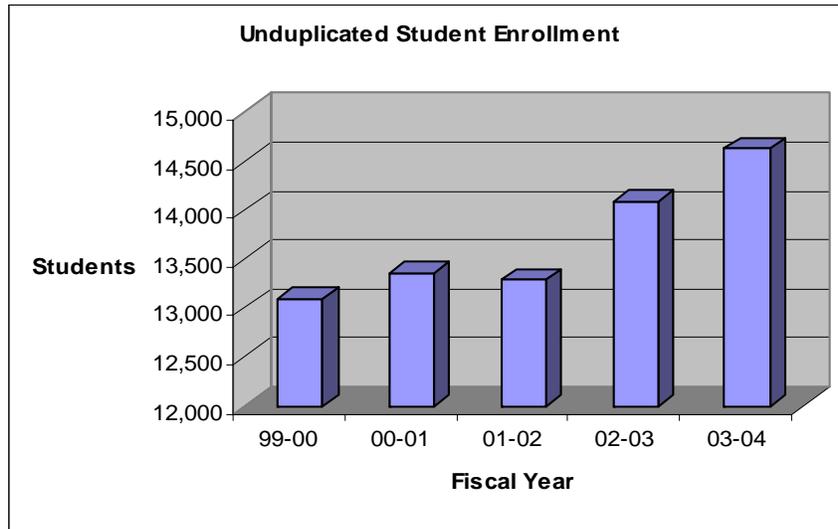


FTE has increased each year for the last five years. Fiscal year 2003-2004 had an FTE of 3,606 which was an increase of 160 FTE, or 4.6%, over the prior year.



The number of students enrolled rose in 2003-2004 to a total of 14,622 which was an increase of 534 students, or 3.8%, over the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)



The College received commitments from the State of North Carolina for Capital construction in the amount of \$10,180,492.00 through FY 2007. The first construction projects are completed and other projects have been approved.

A \$3 million county bond issue was approved for capital expenditures and has funded construction of the Smith Building that has been completed. A second \$2 million county bond issue was approved for work on other capital projects. The county continues to support the capital needs of the College with bond issues and yearly capital appropriations.

Johnston Community College actively seeks alternative funding sources as appropriate for meeting the mission of the College. This activity not only results in increased services provided but also demonstrates the desire of the college to meet the needs of the community. Various grants and contracts have been received for FY 2004 and subsequent years as listed below:

- Student Support Services Grant funded by the Federal government for FY 2002 in the amount of \$195,000, FY 2003 in the amount of \$210,700, and FY 2004 in the amount of \$209,814. Application has been made and is pending to fund this program for an additional 4 years.
- H1-B Visa Technical Skills Training Grant was awarded in FY 2003 to the College for 2 years and is funded by The Federal Government through Capital Area Workforce Development Board. The total over two years is \$2,590,952.00. This grant is shared with Wake Technical Community College.
- The Health Care Works Grant, funded by The Duke Endowment and Johnston Memorial Hospital, was award to the College in FY 2004. The total funded was \$1,126,530 to be paid out over a two-year period.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)

Other Grants:

FY 2004 Native Woodland Trails	\$	50,000.00
FY 2004 More at Four Grant		40,175.00
FY 2004 Smart Start Professional Development		61,830.00
FY 2004 Pre-Chemistry Degree Program		277,900.00

The Johnston County Economic Development Board and North Carolina State University Cooperative Extension have collaborated with Johnston Community College, the public schools, and area industries to plan a training center to aid in developing a skilled labor force for pharmaceutical companies as well as other industries. Construction of the Johnston County Workforce Development Center is scheduled to be completed in June 2005, and will provide space for an Associate in Science: Pre-Chemistry Degree offered by Johnston Community College. This collaborative effort will provide a skilled labor force for the local pharmaceutical industries as well as contribute potential employees to other industries throughout the state. The work force needs will be further enhanced, as the center will also include training space for an Associate in Applied Science in Bioprocess Technology and continuing education classes in BioWork offered by Johnston Community College. Through NCSU, students will also be able to pursue a 4-year degree in Chemistry at the center.

Johnston Community College		
Statement of Net Assets		
June 30, 2004		Exhibit A-1
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	350,284.59
Receivables (Note 3)		1,743,640.82
Due from State of North Carolina Component Units		24,500.00
Inventories		211,404.41
Notes Receivable (Note 3)		4,015.50
Total Current Assets		2,333,845.32
Noncurrent Assets:		
Restricted Due from Primary Government		5,275,637.61
Capital Assets - Nondepreciable, Net (Note 4)		5,966,166.30
Capital Assets - Depreciable, Net (Note 4)		20,182,530.81
Total Noncurrent Assets		31,424,334.72
Total Assets		33,758,180.04
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 5)		483,261.45
Deferred Revenue		355,091.27
Funds Held for Others		127,560.43
Long-Term Liabilities - Current Portion (Note 6)		354,743.45
Total Current Liabilities		1,320,656.60
Noncurrent Liabilities:		
Long-Term Liabilities (Note 6)		2,411,630.57
Total Liabilities		3,732,287.17
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		24,726,692.71
Restricted for:		
Expendable:		
Scholarships and Fellowships		59,368.65
Loans		54,849.89
Capital Projects		5,617,379.42
Other		82,336.97
Unrestricted		(514,734.77)
Total Net Assets	\$	30,025,892.87
The accompanying notes to the financial statements are an integral part of this statement.		

Johnston 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)	\$	1,505,055.17
Federal Grants and Contracts		2,776,238.93
State and Local Grants and Contracts		349,642.50
Sales and Services, Net (Note 8)		1,127,426.90
Total Operating Revenues		5,758,363.50
EXPENSES		
Operating Expenses:		
Personal Services		15,309,969.09
Supplies and Materials		2,861,666.84
Services		2,344,790.25
Scholarships and Fellowships		1,366,349.08
Utilities		459,877.14
Depreciation		1,221,188.84
Total Operating Expenses		23,563,841.24
Operating Loss		(17,805,477.74)
NONOPERATING REVENUES		
State Aid		12,392,671.58
County Appropriations		2,418,080.00
Noncapital Grants		323,036.61
Noncapital Gifts		14,215.00
Investment Income		14,426.40
Other Nonoperating Revenues		224,612.73
Net Nonoperating Revenues		15,387,042.32
Income Before Other Revenues		(2,418,435.42)
State Capital Aid		5,834,219.93
County Capital Appropriations		50,590.00
Capital Grants		1,596,607.39
Increase in Net Assets		5,062,981.90
NET ASSETS		
Net Assets, July 1, 2003, as Restated (Note 15)		24,962,910.97
Net Assets, June 30, 2004	\$	30,025,892.87
The accompanying notes to the financial statements are an integral part of this statement.		

Johnston 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		\$ 5,799,738.69
Payments to Employees and Fringe Benefits		(14,976,699.07)
Payments to Vendors and Suppliers		(5,635,240.05)
Payments for Scholarships and Fellowships		(1,529,501.41)
Collection of Loans to Students		45.00
Other Receipts		245,890.65
Net Cash Provided Used by Operating Activities		(16,095,766.19)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Aid Received		12,392,671.58
County Appropriations		2,418,080.00
Noncapital Grants Received		323,036.61
Noncapital Gifts and Endowments Received		14,215.00
Net Cash Provided by Noncapital Financing Activities		15,148,003.19
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Capital Aid Received		1,382,869.00
County Capital Appropriations		50,590.00
Capital Grants Received		1,972,230.24
Proceeds from Sale of Capital Assets		27,628.89
Acquisition and Construction of Capital Assets		(3,197,305.71)
Principal Paid on Capital Debt and Leases		(116,878.67)
Net Cash Provided by Capital and Related Financing Activities		119,133.75
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income		17,464.03
Net Cash Provided by Investing Activities		17,464.03
Net Decrease in Cash and Cash Equivalents		(811,165.22)
Cash and Cash Equivalents, July 1, 2003		1,161,449.81
Cash and Cash Equivalents, June 30, 2004		\$ 350,284.59
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss		\$ (17,805,477.74)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		1,221,188.84
Miscellaneous Nonoperating Income		224,612.73
Changes in Assets and Liabilities:		
Receivables, Net		(315,895.78)
Inventories		2,837.85
Notes Receivable, Net		45.00
Accounts Payable and Accrued Liabilities		12,255.03
Deferred Revenue		188,249.95
Funds Held for Others		27,146.61
Compensated Absences		349,271.32
Net Cash Used by Operating Activities		\$ (16,095,766.19)

<i>Johnston Community College</i>		
<i>Statement of Cash Flows</i>		<i>Exhibit A-3</i>
<i>For the Fiscal Year Ended June 30, 2004</i>		<i>Page 2</i>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current Assets:		
Total Cash and Cash Equivalents - June 30, 2004	\$	350,284.59
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Increase in Receivables Related to Nonoperating Income		4,475,850.93
The accompanying notes to the financial statements are an integral part of this statement.		

<i>Johnston Community College Foundation, Inc.</i>			
<i>Statement of Financial Position</i>			
<i>June 30, 2004</i>			<i>Exhibit B-1</i>
ASSETS			
Cash and Cash Equivalents		\$	1,647,858.00
Investments			327,813.00
Receivables, Net			7,655.00
Total Assets			1,983,326.00
NET ASSETS			
Unrestricted			153,602.00
Temporarily Restricted			24,829.00
Permanently Restricted			1,804,895.00
Total Net Assets		\$	1,983,326.00
See Note 1 in the Notes to the Financial Statements			

<i>Johnston Community College Foundation, Inc.</i>		
<i>Statement of Activities</i>		
<i>For the Fiscal Year Ended June 30, 2004</i>		<i>Exhibit B-2</i>
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues and Gains:		
Contributions		\$ 28,856.00
Fees		6,235.00
Other		41,775.00
Total Unrestricted Revenues and Gains		76,866.00
Total Unrestricted Revenues, Gains, and Other Support		76,866.00
Expenses and Losses:		
Scholarships		5,315.00
Mini Grants		2,483.00
Special Events		4,500.00
Management and General		64,325.00
Fund Raising		24,298.00
Total Expenses		100,921.00
Decrease in Unrestricted Net Assets		(24,055.00)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions		3,457.00
Other		7,520.00
Income on Long-Term Investments		44,924.00
Net Assets Released from Restrictions:		
Satisfaction of Program Restrictions		(65,094.00)
Decrease in Temporarily Restricted Net Assets		(9,193.00)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions		171,533.00
Net Unrealized and Realized Gains on Long-Term Investments		46,553.00
Increase in Permanently Restricted Net Assets		218,086.00
Increase in Net Assets		184,838.00
Net Assets at Beginning of Year		1,798,488.00
Net Assets at End of Year		\$ 1,983,326.00
See Note 1 in the Notes to the Financial Statements		

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

Discretely Presented Component Units - Johnston Community College Foundation, Inc., 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 Johnston Community College Foundation, Inc. (Foundation), is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of 34 members and three ex officio 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2004, the Foundation distributed \$65,674 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Johnston Community College Foundation office, PO Box 2350, Smithfield, NC 27577.

- 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. Receivables** - Receivables consist of tuition and fees charges to students and charges for auxiliary enterprises’ sales and services. Receivables also include amounts due from the federal government, State and local

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants.

- F. Inventories** - Inventories, consisting of expendable supplies and merchandise for resale, are valued at lower of cost or market value using the first-in, first-out method.
- G. Capital Assets** - Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The College capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of 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 method over the estimated useful lives of the assets, generally 15 to 24 years for general infrastructure, 15 to 40 years for buildings, and 2 to 25 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 capital lease obligations and compensated absences that will not be paid within the next fiscal year.
- J. Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each 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 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) certain federal, State and local grants and contracts. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

\$3,925.00. The carrying amount of cash on deposit was \$346,359.59 and the bank balance was \$926,116.32.

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

Cash on deposit at year end consisted of the following:

	Book Balance	Bank Balance
Cash on Deposit with State Treasurer	\$ 39,007.59	\$ 38,636.36
Cash on Deposit with Private Financial Institutions	307,352.00	887,479.96
	\$ 346,359.59	\$ 926,116.32

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, \$100,000.00 of the bank balance was covered by federal depository

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

insurance, \$787,479.96 was covered by collateral held by an authorized escrow agent in the name of the State Treasurer (pooling method).

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

NOTE 3 - RECEIVABLES

Receivables at June 30, 2004, were as follows:

	<u>Amount</u>
Current Receivables:	
Students	\$ 844,554.10
Accounts	44,067.23
Intergovernmental	854,986.91
Other	<u>32.58</u>
Total Current Receivables	<u><u>\$ 1,743,640.82</u></u>
Notes Receivable:	
Notes Receivable - Current:	
Institutional Student Loan Programs	<u><u>\$ 4,015.50</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	\$ 4,840,941.54	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,840,941.54
Construction in Progress	1,405,187.92	(3,021,198.39)	2,741,235.23		1,125,224.76
Total Capital Assets, Nondepreciable	<u>6,246,129.46</u>	<u>(3,021,198.39)</u>	<u>2,741,235.23</u>		<u>5,966,166.30</u>
Capital Assets, Depreciable:					
Buildings	19,753,324.65	3,021,198.39			22,774,523.04
Machinery and Equipment	4,648,800.84		235,969.99	219,318.26	4,665,452.57
General Infrastructure	3,510,308.54		68,755.27		3,579,063.81
Total Capital Assets, Depreciable	<u>27,912,434.03</u>	<u>3,021,198.39</u>	<u>304,725.26</u>	<u>219,318.26</u>	<u>31,019,039.42</u>
Less Accumulated Depreciation:					
Buildings	5,387,739.33		582,077.52		5,969,816.85
Machinery and Equipment	2,722,718.20		412,300.00	191,689.37	2,943,328.83
General Infrastructure	1,696,551.61		226,811.32		1,923,362.93
Total Accumulated Depreciation	<u>9,807,009.14</u>		<u>1,221,188.84</u>	<u>191,689.37</u>	<u>10,836,508.61</u>
Total Capital Assets, Depreciable, Net	<u>18,105,424.89</u>	<u>3,021,198.39</u>	<u>(916,463.58)</u>	<u>27,628.89</u>	<u>20,182,530.81</u>
Capital Assets, Net	<u>\$ 24,351,554.35</u>	<u>\$ 0.00</u>	<u>\$ 1,824,771.65</u>	<u>\$ 27,628.89</u>	<u>\$ 26,148,697.11</u>

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Amount
Accounts Payable	\$ 450,951.39
Accrued Payroll	32,310.06
Total Accounts Payable and Accrued Liabilities	<u>\$ 483,261.45</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - 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
Capital Leases Payable	\$ 1,538,883.07	\$ 0.00	\$ 116,878.67	\$ 1,422,004.40	\$ 123,864.39
Compensated Absences	995,098.30	870,053.61	520,782.29	1,344,369.62	230,879.06
Total Long-Term Liabilities	<u>\$ 2,533,981.37</u>	<u>\$ 870,053.61</u>	<u>\$ 637,660.96</u>	<u>\$ 2,766,374.02</u>	<u>\$ 354,743.45</u>

Additional information regarding capital lease obligations is included in Note 7.

NOTE 7 - CAPITAL LEASE OBLIGATIONS

Capital lease obligations relating to energy savings equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2004:

<u>Fiscal Year</u>	<u>Amount</u>
2005	\$ 208,856.06
2006	208,856.06
2007	208,856.06
2008	208,856.06
2009	208,856.06
2010-2013	<u>835,424.24</u>
Total Minimum Lease Payments	1,879,704.54
Amount Representing Interest (5.716% Rate of Interest)	<u>457,700.14</u>
Present Value of Future Lease Payments	<u>\$ 1,422,004.40</u>

Machinery and equipment acquired under capital lease amounted to \$1,710,711.74 at June 30, 2004.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - REVENUES

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

	Gross Revenues	Internal Sales Eliminations	Less Scholarship Discounts	Net Revenues
Operating Revenues:				
Student Tuition and Fees	\$ 2,240,491.49	\$ 0.00	\$ 735,436.32	\$ 1,505,055.17
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Bookstore	\$ 1,064,228.49	\$ 0.00	\$ 288,916.13	\$ 775,312.36
Other	349,725.33	35,770.46		313,954.87
Sales and Services of Education and Related Activities	38,159.67			38,159.67
Total Sales and Services	\$ 1,452,113.49	\$ 35,770.46	\$ 288,916.13	\$ 1,127,426.90

NOTE 9 - OPERATING EXPENSES BY FUNCTION

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

	Personal Services	Supplies and Materials	Services	Scholarships and Fellowships	Utilities	Depreciation	Total
Instruction	\$ 9,328,406.42	\$ 589,213.97	\$ 531,582.59	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,449,202.98
Public Service	634,507.53	49,765.83	281,283.17				965,556.53
Academic Support	1,621,787.40	217,721.43	104,392.84				1,943,901.67
Student Services	923,938.49	53,606.27	191,538.95				1,169,083.71
Institutional Support	1,737,829.11	192,159.19	515,963.74				2,445,952.04
Operations and Maintenance of Plant	735,006.08	898,363.15	641,873.24		459,877.14		2,735,119.61
Student Financial Aid	243,341.50	11,601.87	50,696.06	1,366,349.08			1,671,988.51
Auxiliary Enterprises	85,152.56	849,235.13	27,459.66				961,847.35
Depreciation						1,221,188.84	1,221,188.84
Total Operating Expenses	\$ 15,309,969.09	\$ 2,861,666.84	\$ 2,344,790.25	\$ 1,366,349.08	\$ 459,877.14	\$ 1,221,188.84	\$ 23,563,841.24

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$13,001,695.06, of which \$10,785,666.37 was covered under the Teachers' and State Employees' Retirement System. Total employee and employer contributions for pension benefits for the year were \$647,139.98 and \$23,728.47, respectively. The College made one hundred percent of its annual required contributions for the years ended June 30, 2004, 2003, and 2002, which were \$23,728.47, \$0.00, and \$188,329.83, respectively.

The Teachers' and State Employees' Retirement System's financial information is included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.state.nc.us/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

- B. Deferred Compensation and Supplemental Retirement Income Plans** - IRC Section 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 \$18,049.98 for the year ended June 30, 2004.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$144,697.58 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 \$6,263.50 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 \$345,141.32. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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. The College also maintains Directors and Officers Liability Coverage in the amount of \$1,000,000; general liability coverage in the amount of \$2,000,000; and a commercial umbrella policy in the amount of \$5,000,000.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. This deductible is insured through a private insurance company by the College. The College is protected from losses from county and institutional funds paid employees by a blanket honesty bond with a private insurance company.

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.

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 \$5,983,543.45 and on other purchases were \$111,017.13 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 records the allotments as revenue on the accompanying financial statements. The College's remaining authorization of \$1,907,468.00 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.

NOTE 15 - NET ASSET RESTATEMENT(S)

As of July 1, 2003, net assets as previously reported was restated as follows:

	<u>Amount</u>
July 1, 2003, Net Assets as Previously Reported	\$ 24,453,248.70
Restatement: Correction of an error related to depreciation not posted correctly in prior year.	<u>509,662.27</u>
July 1, 2003, Net Assets as Restated	<u><u>\$ 24,962,910.97</u></u>

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

Schedule 1

	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
Capital Improvement Projects									
<i>Projects Approved by the State Board</i>									
Britt Building	Jul 2001	Jul 2001	\$ 2,299,625.00	\$ 829,735.00	\$ 3,129,360.00	\$ 3,129,360.00	100.00%	Dec 2003	May 2004
Renovation Wilson Building	Apr 2001	Jul 2001	662,956.00		662,956.00	662,956.00	100.00%	Dec 2003	Nov 2003
Life Safety and Electrical Upgrade	Dec 2001	Feb 2002	200,000.00		200,000.00	195,930.95	100.00%	Apr 2002	Apr 2003
Wilson Addition/Renovation	Dec 2003	Sep 2002	5,983,544.00		5,983,544.00	95,037.00	1.59%	Jan 2006	Apr 2006
<i>Projects Pending Approval by the State Board</i>									
Arboretum	Aug 2004	Aug 2004	100,000.00	100,000.00	200,000.00			Nov 2004	
<i>Projects Not Started - To Be Funded in Future Years</i>									
Purchase of Building for Continuing Education Center	Aug 2005		934,367.00		934,367.00			Aug 2005	
Total All Projects			\$ 10,180,492.00	\$ 929,735.00	\$ 11,110,227.00	\$ 4,083,283.95			

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
The Honorable Beverly M. Perdue
The Honorable Richard H. Moore
The Honorable Roy A. Cooper, III
Mr. David T. McCoy
Mr. Robert L. Powell
Mr. H. Martin Lancaster
Dr. Donald L. Reichard
Mr. Herman Kight

Ms. Lyn Toney Austin

Governor of North Carolina
Lieutenant Governor of North Carolina
State Treasurer
Attorney General
State Budget Officer
State Controller
President, North Carolina Community College System
President, Johnston Community College
Dean of Administrative, Fiscal, and Personnel Services
Johnston Community College
Chairman, Board of Trustees
Johnston Community College

LEGISLATIVE BRANCH

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June 30, 2005

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