

# STATE OF NORTH CAROLINA

**MITCHELL COMMUNITY COLLEGE**

**STATESVILLE, NORTH CAROLINA**

**FINANCIAL STATEMENT AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**

**OFFICE OF THE STATE AUDITOR**

**BETH A. WOOD, CPA**

**STATE AUDITOR**

**MITCHELL COMMUNITY COLLEGE**

**STATESVILLE, NORTH CAROLINA**

**FINANCIAL STATEMENT AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**

**STATE BOARD OF COMMUNITY COLLEGES**

**THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

**DR. R. SCOTT RALLS, PRESIDENT**

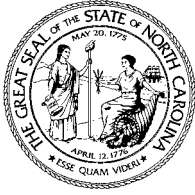
**BOARD OF TRUSTEES**

**DR. RALPH L. BENTLEY, CHAIRMAN**

**ADMINISTRATIVE OFFICERS**

**DR. JAMES T. BREWER, PRESIDENT**

**RICHARD J. LEFEVRE, VICE PRESIDENT FOR FINANCE AND ADMINISTRATION**



Beth A. Wood, CPA  
State Auditor

STATE OF NORTH CAROLINA  
**Office of the 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>

---

**AUDITOR'S TRANSMITTAL**

---

The Honorable Pat McCrory, Governor  
The General Assembly of North Carolina  
Board of Trustees, Mitchell Community College

We have completed a financial statement audit of Mitchell Community College for the year ended June 30, 2013, and our audit results are included in this report. You will note from the independent auditor's report that we determined that the financial statements are presented fairly in all material respects.

The results of our tests disclosed no deficiencies in internal control over financial reporting that we consider to be material weaknesses in relation to our audit scope or any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Beth A. Wood".

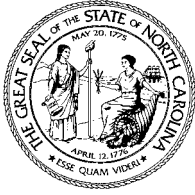
Beth A. Wood, CPA  
State Auditor

# TABLE OF CONTENTS

---

	PAGE
INDEPENDENT AUDITOR’S REPORT .....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	5
BASIC FINANCIAL STATEMENTS	
College Exhibits	
A-1 Statement of Net Position .....	12
A-2 Statement of Revenues, Expenses, and Changes in Net Position.....	14
A-3 Statement of Cash Flows .....	15
Notes to the Financial Statements .....	17
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i> .....	37
ORDERING INFORMATION .....	39

# Office of the State Auditor



**Beth A. Wood, CPA**  
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>

## INDEPENDENT AUDITOR'S REPORT

---

Board of Trustees  
Mitchell Community College  
Statesville, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of Mitchell Community College, a component unit of the State of North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Mitchell Community College Endowment for Excellence, which represent 27 percent, 28 percent, and 5 percent, respectively, of the assets, net position, and revenues of the College. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mitchell Community College Endowment for Excellence, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Mitchell Community College Endowment for Excellence were not audited in accordance with *Government Auditing Standards*.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

---

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Mitchell Community College, as of June 30, 2013, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

---

contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Beth A. Wood, CPA  
State Auditor

Raleigh, North Carolina

October 11, 2013

[ This Page Left Blank Intentionally ]



## MITCHELL COMMUNITY COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS

---

This discussion and analysis of Mitchell Community College's financial statements provides an overview of the College's financial activities for the year ended June 30, 2013. Please read it in conjunction with the financial statements and notes to the financial statements.

Public colleges and universities are required to include the management's discussion and analysis as a supplement to the financial statements. This section is intended to provide a narrative analysis that users need to interpret the basic financial statements. The discussion and analysis is required to include condensed financial information comparing the current year to the prior year.

### **Institutional Financial Highlights**

Mitchell Community College's state aid increased from the prior year by \$1,248,454.44 or 10.5% primarily due to the prior year transfer of \$623,865 from operational funds to equipment, the prior year recall of \$162,288 by the Community College System Office due to a tuition receipts shortfall, and the receipt of an additional allocation of \$402,739 for a special Back-to-Work program for the year ending June 30, 2013. The North Carolina Community College's funding formula uses the prior year's full time equivalent (FTE) student total in determining the current year's allocation. The FTE for the year ended June 30, 2012 decreased from the prior year by 83 or 2.5%.

Iredell County's financial situation improved during last year. As a result, the College's appropriations were \$2,947,101.97 for the fiscal year, which represented an increase of \$120,571.97 or 4.3 % more than the previous year.

Noncapital grants - federal student financial aid decreased from the prior fiscal year by \$1,053,320.84 primarily due to a decrease in the number of full time equivalent students receiving Pell awards, which resulted in a decrease of \$1,116,777.71 in Pell awards.

The College had investment income of \$1,465,371.12 for the current year compared to a loss of \$226,755.77 for 2012, resulting in an increase in investment income of \$1,692,126.89 from the prior year. The investment increase was a result of the global upturn in the financial markets.

State and county capital aid decreased from 2012 by \$719,184.86 and \$249,639.39, respectively. In 2012, the College transferred approximately \$624,000 from operating funds to capital. A similar transfer did not occur in 2013. The county capital aid decreased for the current year primarily due to the completion of two major Mooresville renovation projects in the prior year.

The College's financial position improved during the fiscal year ended June 30, 2013. The combined net position increased by \$1,656,480.73 or 3.6% from the previous year.

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

---

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

Three basic financial statements are included with this report along with the management's discussion and analysis. The three basic financial reports include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, which provide information on the whole operations of the College.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the institution as a whole and on its activities. These statements help the users analyze the current year's operations to determine if the institution is better or worse off than the prior year. When revenues and other support exceed expenses, the result is an increase in net position. When expenses exceed revenues and support, the result is a decrease in net position. The Statement of Cash Flows is prepared using the direct method. This statement reports the net change in cash resulting from operating, investing, and financing activities.

The College's net position is the difference between assets and liabilities and is one measure of the institution's financial health. Over a period of time, increases or decreases in the College's net position are one of several indicators that determine if its financial situation is improving or deteriorating. The user will need to take into account other financial and non-financial factors to assess the complete health of the College. The age and condition of its buildings and grounds is one of the non-financial factors that could have an impact on the total health of the institution.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position use the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Revenues and expenses during the current year are taken into account regardless of when cash is received or paid. For the purpose of this continued discussion, we will address the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

### **Statement of Net Position**

For the year, the total assets of the College have increased \$1,852,439.15 or 3.9% from the previous year. This change was mainly due to an increase in noncurrent assets of \$2,318,088.86, partially offset by a decrease of \$430,655.92 in capital assets.

The increase in noncurrent assets was due to an increase in restricted investments, other investments, and restricted amounts due from the State of \$1,084,797.79, \$1,192,749.45, and \$418,742.00, respectively. The upturns in the global financial markets, as well as the transfer of excess cash to mutual funds, were the main reasons for the increase in investments.

The increase in investments included unrealized gains of \$91,770.55 and \$675,626.52 for restricted investments and other investments, respectively. The increase in restricted amounts due from the State was associated with the receipt of a Golden Leaf Grant of \$418,742.00. These increases were partially offset by a decrease of \$430,655.92 in

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

capital assets, which was due to the annual depreciation expense being above the current year's asset purchases.

### Condensed Statement of Net Position

	6/30/2013	6/30/2012	Increase (Decrease)
<b>Assets</b>			
Current Assets	\$ 6,411,491.38	\$ 6,446,485.17	\$ (34,993.79)
Noncurrent Assets	16,247,891.16	13,929,802.30	2,318,088.86
Capital Assets	<u>27,110,066.19</u>	<u>27,540,722.11</u>	<u>(430,655.92)</u>
Total Assets	<u>49,769,448.73</u>	<u>47,917,009.58</u>	<u>1,852,439.15</u>
<b>Liabilities</b>			
Current Liabilities	1,227,840.78	1,136,444.09	91,396.69
Long-Term Liabilities	<u>608,139.41</u>	<u>503,577.68</u>	<u>104,561.73</u>
Total Liabilities	<u>1,835,980.19</u>	<u>1,640,021.77</u>	<u>195,958.42</u>
<b>Net Position</b>			
Investment in Capital Assets	27,110,066.19	27,515,722.11	(405,655.92)
Restricted:			
Nonexpendable	1,882,914.85	1,875,069.85	7,845.00
Expendable	3,422,916.59	2,786,566.88	636,349.71
Unrestricted	<u>15,517,570.91</u>	<u>14,099,628.97</u>	<u>1,417,941.94</u>
Total Net Position	<u>\$ 47,933,468.54</u>	<u>\$ 46,276,987.81</u>	<u>\$ 1,656,480.73</u>

### The Statement of Revenues, Expenses, and Changes in Net Position

The change in net position of the College increased from the prior year by \$1,687,873.31. The total operating revenues decreased by \$122,326.50 mainly due to a decrease in bookstore sales and Mitchell Community College Endowment for Excellence (Endowment) event revenues by \$52,458.54 and \$30,792.00, respectively. The decrease in bookstore sales was mainly due to a decrease in the College's full time equivalent students by 83 or 2.5% for the year ended June 30, 2013. The Endowment did not hold the Dancing with the Stars event in the current year, which resulted in a decrease in event revenue.

Total operating expenses were \$487,167.49 less than the prior year primarily due to decreases in supplies and materials and scholarships and fellowships of \$1,077,616.09 and \$681,009.76, respectively. These decreases were partially offset by an increase of \$1,183,134.73 for salaries and benefits primarily due to an increase in the number of employees, and a 3.0% increase given to all employees for the year ending June 30, 2013. The reductions in supplies and materials and scholarships and fellowships were primarily due to the decrease in student enrollment.

Total nonoperating revenues increased by \$2,277,020.57 or 9.7% over the year ended June 30, 2012 primarily due to increases in state aid, county appropriations, noncapital grants, and investment income of \$1,248,454.44, \$120,571.97, \$296,333.60, and \$1,692,126.89, respectively. The increases were partially offset by decreases in noncapital grants - federal student financial aid and noncapital gifts of \$1,053,320.84 and \$99,498.91, respectively. As previously mentioned, the increase in state aid was due to

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

---

the prior year transfer of \$623,865 from operational funds to equipment, the prior year recall of \$162,288 by the Community College System Office due to a tuition receipts shortfall, and the receipt of an additional allocation of \$402,739 for a special Back-to-Work program funded for the year ending June 30, 2013.

The improving economic situation of the county was the main reason for the increase in county appropriations. The receipt of \$418,742.00 from the State for a Golden Leaf Grant was the reason for the increase in noncapital grants, and as noted previously, investment income increased due to the upturn in the global financial markets. Since the College experienced a drop of 2.5% in enrollment during the year, it contributed to a decrease in federal financial aid. Noncapital gifts decreased mainly due to \$78,922.55 less being received from the Endowment.

Capital aid and capital gifts decreased by \$933,338.25 primarily due to state and county capital aid decreasing by \$719,184.86 and \$249,639.39, respectively. The decrease in state capital aid is due to the prior year transfer of \$623,865 from operational funds to equipment as well as no major construction projects started in the year. The county capital aid decrease was primarily related to the completion of the Mooresville's Campus renovation projects in 2012.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

	6/30/2013	6/30/2012	Increase (Decrease)
Operating Revenues			
Student Tuition and Fees, Net	\$ 2,595,937.44	\$ 2,603,838.60	\$ (7,901.16)
Sales and Services, Net	1,015,523.77	1,013,368.53	2,155.24
Other Operating Revenues		116,580.58	(116,580.58)
Total Operating Revenues	<u>3,611,461.21</u>	<u>3,733,787.71</u>	<u>(122,326.50)</u>
Operating Expenses			
Salaries and Benefits	18,276,285.14	17,093,150.41	1,183,134.73
Supplies and Materials	3,084,994.45	4,162,610.54	(1,077,616.09)
Services	2,551,817.85	2,498,055.91	53,761.94
Scholarships and Fellowships	3,732,093.43	4,413,103.19	(681,009.76)
Utilities	702,804.15	648,325.58	54,478.57
Depreciation	747,315.04	767,231.92	(19,916.88)
Total Operating Expenses	<u>29,095,310.06</u>	<u>29,582,477.55</u>	<u>(487,167.49)</u>
Operating Loss	<u>(25,483,848.85)</u>	<u>(25,848,689.84)</u>	<u>364,840.99</u>
Nonoperating Revenues (Expenses)			
State Aid	13,139,066.01	11,890,611.57	1,248,454.44
County Appropriations	2,947,101.97	2,826,530.00	120,571.97
Noncapital Grants - Federal Student Financial Aid	6,642,633.84	7,695,954.68	(1,053,320.84)
Noncapital Grants	1,301,322.46	1,004,988.86	296,333.60
Noncapital Gifts	321,485.36	420,984.27	(99,498.91)
Investment Income (Loss)	1,465,371.12	(226,755.77)	1,692,126.89
Other Nonoperating Revenues (Expenses)	11,027.91	(61,325.51)	72,353.42
Net Nonoperating Revenues	<u>25,828,008.67</u>	<u>23,550,988.10</u>	<u>2,277,020.57</u>
Income (Loss) Before Other Revenues	344,159.82	(2,297,701.74)	2,641,861.56
Other Revenues			
State Capital Aid	626,573.88	1,345,758.74	(719,184.86)
County Capital Aid	605,751.03	855,390.42	(249,639.39)
Capital Gifts	72,151.00	36,665.00	35,486.00
Additions to Endowment	7,845.00	28,495.00	(20,650.00)
Increase (Decrease) in Net Position	<u>1,656,480.73</u>	<u>(31,392.58)</u>	<u>1,687,873.31</u>
Net Position, Beginning of Year	<u>46,276,987.81</u>	<u>46,308,380.39</u>	<u>(31,392.58)</u>
Net Position, End of Year	<u>\$ 47,933,468.54</u>	<u>\$ 46,276,987.81</u>	<u>\$ 1,656,480.73</u>

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

**Capital Assets**

On June 30, 2013, the College's capital assets, net of accumulated depreciation of \$9,539,011.45 totaled \$27,110,066.19. This represents a decrease of \$430,655.92 from the prior year. This decrease was due to a \$1,769.01 loss on disposals and depreciation expenses being \$428,886.91 over capital asset purchases. There were no significant construction costs during the year as proposed projects have been placed on hold until funding becomes available; thus, current construction costs of approximately \$95,000 consist mainly of preliminary planning costs.

<b>Capital Assets</b>			
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>
Capital Assets, Nondepreciable			
Land	\$ 1,236,839.57	\$ 1,216,954.22	\$ 19,885.35
Construction in Progress	<u>95,515.00</u>	<u>97,015.00</u>	<u>(1,500.00)</u>
Total Capital Assets, Nondepreciable	<u>1,332,354.57</u>	<u>1,313,969.22</u>	<u>18,385.35</u>
Capital Assets, Depreciable, Net			
Buildings	22,805,549.25	23,094,083.34	(288,534.09)
Machinery and Equipment	1,299,342.73	1,418,711.15	(119,368.42)
General Infrastructure	<u>1,672,819.64</u>	<u>1,713,958.40</u>	<u>(41,138.76)</u>
Total Capital Assets, Depreciable, Net	<u>25,777,711.62</u>	<u>26,226,752.89</u>	<u>(449,041.27)</u>
Total Capital Assets, Net	<u>\$ 27,110,066.19</u>	<u>\$ 27,540,722.11</u>	<u>\$ (430,655.92)</u>

**Economic Factors That Will Affect the Future**

The economic position of the College is closely tied to that of the State and to a lesser degree, the county. The State of North Carolina continues to experience financial difficulties. The budgetary issues facing the State have in turn affected all state agencies, including community colleges.

The College received its 2013-2014 state budget allocation of \$17,436,390 in August 2013, which represented a decrease of \$ 333,677 or 1.9% from the previous year. The College experienced an enrollment drop of 153 or 4.7% during the 2012-2013 academic year. The 2013-2014 state allocation reflects this decrease in enrollment, modified slightly by a two-year average formula used by the State and does not reflect an allocation based on actual enrollment. The decrease in state funding for the 2013-2014 academic year does not include any funds for salary increases. In addition, the North Carolina Community College System has also requested all community colleges reserve another 1% for a possible future reversion. This represents approximately \$174,364 that the College is not able to allocate for current expenditures.

The College received county current and capital appropriations of \$3,620,230 for fiscal year 2013-2014. This amounted to an increase of approximately \$67,000 or 2% from the 2012-2013 fiscal year.

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

---

During the fiscal year ending June 30, 2013, the Mitchell Community College Endowment for Excellence, the foundation that provides financial support to the College, earned \$1,229,307.72 in investment income. Due to this increase in investment value, and to assist with the budget shortfalls caused by the reduced state funding, the Endowment approved a \$450,000 allocation to the College for the 2013-2014 academic year.

***Mitchell Community College***  
***Statement of Net Position***  
***June 30, 2013***

***Exhibit A-1***  
***Page 1 of 2***

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 4,385,967.03
Restricted Cash and Cash Equivalents	1,080,095.63
Receivables, Net (Note 4)	322,851.17
Due from State of North Carolina Component Units	2,265.07
Inventories	419,294.68
Prepaid Items	201,017.80
	<hr/>
Total Current Assets	6,411,491.38

Noncurrent Assets:

Restricted Cash and Cash Equivalents	930,718.80
Restricted Due from Primary Government	23,014.49
Restricted Due from State of North Carolina Component Units	418,742.00
Restricted Investments	2,893,592.33
Other Investments	11,981,823.54
Capital Assets - Nondepreciable (Note 5)	1,332,354.57
Capital Assets - Depreciable, Net (Note 5)	25,777,711.62
	<hr/>
Total Noncurrent Assets	43,357,957.35
	<hr/>
Total Assets	49,769,448.73

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 6)	764,509.47
Due to Primary Government	127,990.25
Due to State of North Carolina Component Units	1,250.00
Unearned Revenue	239,076.50
Funds Held for Others	45,418.51
Long-Term Liabilities - Current Portion (Note 7)	49,596.05
	<hr/>
Total Current Liabilities	1,227,840.78

Noncurrent Liabilities:

Long-Term Liabilities (Note 7)	608,139.41
	<hr/>
Total Liabilities	1,835,980.19



***Mitchell Community College***  
***Statement of Net Position***  
***June 30, 2013***

***Exhibit A-1***  
***Page 2 of 2***

**NET POSITION**

Investment in Capital Assets	27,110,066.19
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	1,831,149.85
Restricted for Specific Programs	51,765.00
Expendable:	
Scholarships and Fellowships	840,648.33
Capital Projects	788,608.60
Restricted for Specific Programs	1,726,359.18
Other	67,300.48
Unrestricted	<u>15,517,570.91</u>
Total Net Position	<u><u>\$ 47,933,468.54</u></u>

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

***Mitchell Community College  
Statement of Revenues, Expenses, and  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2013***

***Exhibit A-2***

**REVENUES**

Operating Revenues:

Student Tuition and Fees, Net (Note 9)	\$ 2,595,937.44
Sales and Services, Net (Note 9)	1,015,523.77

Total Operating Revenues	3,611,461.21
--------------------------	--------------

**EXPENSES**

Operating Expenses:

Salaries and Benefits	18,276,285.14
Supplies and Materials	3,084,994.45
Services	2,551,817.85
Scholarships and Fellowships	3,732,093.43
Utilities	702,804.15
Depreciation	747,315.04

Total Operating Expenses	29,095,310.06
--------------------------	---------------

Operating Loss	(25,483,848.85)
----------------	-----------------

**NONOPERATING REVENUES**

State Aid	13,139,066.01
County Appropriations	2,947,101.97
Noncapital Grants - Federal Student Financial Aid	6,642,633.84
Noncapital Grants	1,301,322.46
Noncapital Gifts	321,485.36
Investment Income (Net of Investment Expense of \$91,710.61)	1,465,371.12
Other Nonoperating Revenues	11,027.91

Nonoperating Revenues	25,828,008.67
-----------------------	---------------

Income Before Other Revenues	344,159.82
------------------------------	------------

State Capital Aid	626,573.88
County Capital Aid	605,751.03
Capital Gifts	72,151.00
Additions to Endowments	7,845.00

Increase in Net Position	1,656,480.73
--------------------------	--------------

**NET POSITION**

Net Position, July 1, 2012	46,276,987.81
----------------------------	---------------

Net Position, June 30, 2013	\$ 47,933,468.54
-----------------------------	------------------

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

***Mitchell Community College***  
***Statement of Cash Flows***  
***For the Fiscal Year Ended June 30, 2013***

***Exhibit A-3***  
***Page 1 of 2***

**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from Customers	\$ 3,685,232.11
Payments to Employees and Fringe Benefits	(18,127,070.87)
Payments to Vendors and Suppliers	(6,355,050.13)
Payments for Scholarships and Fellowships	(3,732,093.43)
Other Payments	(5,038.02)
	<hr/>
Net Cash Used by Operating Activities	(24,534,020.34)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Aid Received	13,139,066.01
County Appropriations	2,947,101.97
Noncapital Grants - Federal Student Financial Aid	6,630,853.59
Noncapital Grants Received	887,415.51
Noncapital Gifts and Endowments Received	329,330.36
	<hr/>
Cash Provided by Noncapital Financing Activities	23,933,767.44

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

State Capital Aid Received	663,372.87
County Capital Aid	605,751.03
Capital Gifts Received	72,151.00
Acquisition and Construction of Capital Assets	(318,428.13)
Principal Paid on Capital Debt and Leases	(25,000.00)
	<hr/>
Net Cash Provided by Capital and Related Financing Activities	997,846.77

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	6,571,621.68
Investment Income	349,408.80
Purchase of Investments and Related Fees	(7,733,206.60)
	<hr/>
Net Cash Used by Investing Activities	(812,176.12)

Net Decrease in Cash and Cash Equivalents	(414,582.25)
Cash and Cash Equivalents, July 1, 2012	6,811,363.71
	<hr/>
Cash and Cash Equivalents, June 30, 2013	\$ 6,396,781.46

***Mitchell Community College***  
***Statement of Cash Flows***  
***For the Fiscal Year Ended June 30, 2013***

***Exhibit A-3***  
***Page 2 of 2***

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

Operating Loss	\$ (25,483,848.85)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	747,315.04
Miscellaneous Nonoperating Income	12,796.92
Changes in Assets and Liabilities:	
Receivables, Net	29,239.14
Inventories	(12,526.82)
Prepaid Items	(47,954.19)
Accounts Payable and Accrued Liabilities	(31,853.36)
Due to Primary Government	127,990.25
Due to State of North Carolina Component Units	1,250.00
Unearned Revenue	44,531.76
Funds Held for Others	(17,834.94)
Compensated Absences	96,874.71
	<u>96,874.71</u>
Net Cash Used by Operating Activities	<u><u>\$ (24,534,020.34)</u></u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS**

Current Assets:	
Cash and Cash Equivalents	\$ 4,385,967.03
Restricted Cash and Cash Equivalents	1,080,095.63
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>930,718.80</u>
Total Cash and Cash Equivalents - June 30, 2013	<u><u>\$ 6,396,781.46</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Change in Fair Value of Investments	\$ 767,397.07
Increase in Receivables Related to Nonoperating Income	427,633.20
Loss on Disposal of Capital Assets	1,769.01

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

**MITCHELL COMMUNITY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

---

**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 (GAAP), 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. Mitchell 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 its component unit for which the College's Board of Trustees is financially accountable. The College's component unit is blended in the College's financial statements. The blended component unit, although legally separate, is, in substance, part of the College's operations and therefore, is reported as if it was part of the College.

**Blended Component Unit** - The Mitchell Community College Endowment for Excellence (Endowment) is governed by a minimum of 25 elected directors. The Endowment's purpose is to aid, support, and promote the educational endeavors of the College. The elected directors of the Endowment must first be nominated by the Executive Committee of the Mitchell Community College Endowment for Excellence Board of Directors. Because the majority of the Executive Committee Directors consist of College administrators and board members, and the Endowment's sole purpose is to benefit Mitchell Community College, its financial statements have been blended with those of the College.

During the year ended June 30, 2013, the Endowment distributed \$450,340 to the College for unrestricted purposes. Separate financial statements for the Endowment may be obtained from the Office of the Vice President for Finance and Administration of the College at 500 West Broad Street, Statesville, NC 28677, or by calling (704) 878-3202.

Condensed combining information regarding the blended component unit is provided in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

- B. Basis of Presentation** - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the 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 and accordingly, is reported within a single column in the basic financial statements.

- C. Basis of Accounting** - The financial statements of the College have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, include state appropriations, certain grants, and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

- D. Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the short-term investment fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.
- E. Investments** - Investments generally are reported at fair value, as determined by quoted market prices. The net increase in the fair value of investments is recognized as a component of investment income.
- F. Receivables** - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Receivables are recorded net of estimated uncollectible amounts.
- G. Inventories** - Inventories, consisting of expendable supplies, are valued at cost using the last invoice cost method. Merchandise for resale is valued using the retail inventory method.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

- H. Capital Assets** - Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The value of assets constructed includes all material direct and indirect construction costs.

The College capitalizes assets that have a value or cost of \$5,000 or greater at the date of acquisition and an estimated useful life of more than one year.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for general infrastructure, 15 to 60 years for buildings, and 4 to 30 years for equipment.

- I. Restricted Assets** - Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets, resources whose use is limited by external parties or statute, and endowment and other restricted investments.

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

- K. Compensated Absences** - The College's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each July 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at fiscal year-end is converted to sick leave.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on June 30 is retained by employees and transferred into the next fiscal year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the College has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

**L. Net Position** - The College's net position is classified as follows:

**Investment in Capital Assets** - This represents the College's total investment in capital assets.

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

**Restricted Net Position - Expendable** - Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

**Unrestricted Net Position** - Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income.

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

**M. Scholarship Discounts** - Student tuition and fees revenues and certain other revenues from College charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. 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 nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship discount.

**N. Revenue and Expense Recognition** - The College classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. 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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

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

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

- O. Internal Sales Activities** – The College bookstore provides goods and services to College departments, as well as to its customers. All internal sales activities to College departments from the College bookstore have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the College bookstore and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.
- P. County Appropriations** - County appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, motor vehicle purchases, and maintenance of equipment. Unexpended county current appropriations and county capital appropriations do not revert and are available for future use by the College.

### NOTE 2 - DEPOSITS AND INVESTMENTS

- A. Deposits** - The College is required by *North Carolina General Statute 147-77* to deposit any funds collected or received that belong to the State of North Carolina with the State Treasurer or with a depository institution in the name of the State Treasurer. All funds of the College, other than those required to be deposited with the State Treasurer, are deposited in board-designated official depositories and are required to be collateralized in accordance with *North Carolina 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. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. Cash on hand at June 30, 2013 was \$3,370.00. The carrying amount of the College's deposits not with the State Treasurer was \$2,433,898.17, and the bank balance was \$2,624,660.90.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

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.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2013, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

- B. Investments** - The College is authorized to invest idle funds as provided by G.S. 115D-58.6. In accordance with this statute, the College and the Board of Trustees manage investments to ensure they can be converted into cash when needed.

Generally, funds belonging to the College may be invested in any form of investment established or managed by certain investment advisors pursuant to G.S. 115D-58.6 (d1) or in the form of investments pursuant to G.S. 159-30(c), as follows: a commingled investment pool established and administered by the State Treasurer pursuant to G.S. 147-69.3 (STIF); obligations of or fully guaranteed by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; prime quality commercial paper bearing specified ratings; specified bills of exchange; certain savings certificates; The North Carolina Capital Management Trust, an SEC registered mutual fund; repurchase agreements; and evidences of ownership of, or fractional undivided interests in, future interest and principal payments on either direct obligations of or fully guaranteed by the United States government, which are held by a specified bank or trust company or any state in the capacity of custodian.

At June 30, 2013, the amount shown on the Statement of Net Position as cash and cash equivalents includes \$3,959,513.29, which represents the College's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating) had a weighted average maturity of 1.6 years as of June 30, 2013. Assets and shares of the STIF are valued at amortized cost, which

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

approximates fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) 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.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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

Investments of the College's component unit, the Endowment, are subject to and restricted by G.S. 36E "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) and any requirements placed on them by contract or donor agreements.

The following table presents the fair value of investments by type and investments subject to interest rate risk at June 30, 2013, for the College's investments. Interest rate risk is defined by GASB Statement No. 40 as the risk a government may face should interest rate variances affect the fair value of investments. The College does not have a formal investment policy that addresses interest rate risk.

Investment Type	<b>Investments</b>		
	Fair Value	Investment Maturities (in Years)	
		Less than 5	5 to 10
Debt Securities			
Mutual Bond Funds	\$ 2,785,221.85	\$ 922,107.77	\$ 1,863,114.08
Other Securities			
Domestic Stocks	6,526,970.34		
Foreign Stocks	3,587,897.49		
Other Mutual Funds	1,941,324.34		
Real Estate Investment Trust	34,001.85		
Total Investments	\$ 14,875,415.87		

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have a formal policy that addresses credit risk. As of June 30, 2013, the College's investments in Mutual Bond Funds were rated on an average of AA- and BBB by multiple rating agencies (including Moody's).

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The College places no limit on the amount that may be invested in any one issuer. The following table presents investments representing more than 5% of the College's investments:

	Fair Value	Percentage of College Investments
PIMCO Global Multi Asset Institutional	\$ 867,944.97	5.83%
Wells Fargo Advantage Absolute	999,726.38	6.72%
INVESCO	751,258.40	5.05%
Blackrock Strategic Income	941,597.96	6.33%
PIMCO Total Return Institutional	1,863,114.08	12.52%
Templeton Global Bond Fund Advisor	922,107.77	6.20%
First Eagle Overseas FD Class I	870,981.58	5.86%
Henderson International Opportunities	925,557.71	6.22%
Ishares TR Russell 1000 Growth Index	2,036,720.00	13.70%
<b>Total</b>	<b>\$ 10,179,008.85</b>	<b>68.43%</b>

*Foreign Currency Risk:* Foreign currency risk is defined by GASB Statement No. 40 as the risk that changes in exchange rates will adversely affect the fair value of an investment. The College does not have a formal policy for foreign currency risk. The foreign stocks held by the College are traded in currency of the United States, and thus, there is no foreign currency risk for these investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**C. Reconciliation of Deposits and Investments** - A reconciliation of deposits and investments for the College to the basic financial statements as of June 30, 2013, is as follows:

Cash on Hand	\$	3,370.00
Carrying Amount of Deposits with Private Financial Institutions		2,433,898.17
Investments in the Short-Term Investment Fund		3,959,513.29
Other Investments		<u>14,875,415.87</u>
<b>Total Deposits and Investments</b>	<b>\$</b>	<b><u>21,272,197.33</u></b>
Current:		
Cash and Cash Equivalents	\$	4,385,967.03
Restricted Cash and Cash Equivalents		1,080,095.63
Noncurrent:		
Restricted Cash and Cash Equivalents		930,718.80
Restricted Investments		2,893,592.33
Other Investments		<u>11,981,823.54</u>
<b>Total Deposits and Investments</b>	<b>\$</b>	<b><u>21,272,197.33</u></b>

### NOTE 3 - ENDOWMENT INVESTMENTS

Investments of the College's endowment funds are pooled, unless required to be separately invested by the donor. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds. Under the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA), authorized by the North Carolina General Assembly on March 19, 2009, the Board may also appropriate expenditures from eligible nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements. However, a majority of the College's endowment donor agreements prohibit spending of nonexpendable balances and therefore the related nonexpendable balances are not eligible for expenditure. During the year, the Board did not appropriate expenditures from eligible nonexpendable endowment funds.

Investment return of the College's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from the College's endowment funds are based on an adopted spending policy which limits spending to no more than 5% of the endowment principal's market value. If current year earnings do not meet the payout requirements, the College uses accumulated income and appreciation from the associated restricted, expendable account balances to make up the difference. At June 30, 2013, net appreciation of \$110,598.33 was available to be spent, all of which was classified in net position as restricted: expendable: scholarships and fellowships as it is restricted for specific purposes.

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

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2013, were as follows:

	<u>Gross Receivables</u>	<u>Less Allowance for Doubtful Accounts</u>	<u>Net Receivables</u>
<b>Current Receivables:</b>			
Students	\$ 102,673.77	\$ 11,866.63	\$ 90,807.14
Student Sponsors	68,904.21		68,904.21
Accounts	117,929.63		117,929.63
Intergovernmental	31,629.55		31,629.55
Other	13,580.64		13,580.64
<b>Total Current Receivables</b>	<u>\$ 334,717.80</u>	<u>\$ 11,866.63</u>	<u>\$ 322,851.17</u>

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in the capital assets for the year ended June 30, 2013, is presented as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Capital Assets, Nondepreciable:				
Land	\$ 1,216,954.22	\$ 19,885.35	\$ 0.00	\$ 1,236,839.57
Construction in Progress	97,015.00		1,500.00	95,515.00
<b>Total Capital Assets, Nondepreciable</b>	<u>1,313,969.22</u>	<u>19,885.35</u>	<u>1,500.00</u>	<u>1,332,354.57</u>
Capital Assets, Depreciable:				
Buildings	30,244,123.10	175,303.32		30,419,426.42
Machinery and Equipment	2,773,186.40	124,739.46	107,021.83	2,790,904.03
General Infrastructure	2,106,392.62			2,106,392.62
<b>Total Capital Assets, Depreciable</b>	<u>35,123,702.12</u>	<u>300,042.78</u>	<u>107,021.83</u>	<u>35,316,723.07</u>
Less Accumulated Depreciation for:				
Buildings	7,150,039.76	463,837.41		7,613,877.17
Machinery and Equipment	1,354,475.25	242,338.87	105,252.82	1,491,561.30
General Infrastructure	392,434.22	41,138.76		433,572.98
<b>Total Accumulated Depreciation</b>	<u>8,896,949.23</u>	<u>747,315.04</u>	<u>105,252.82</u>	<u>9,539,011.45</u>
<b>Total Capital Assets, Depreciable, Net</b>	<u>26,226,752.89</u>	<u>(447,272.26)</u>	<u>1,769.01</u>	<u>25,777,711.62</u>
<b>Capital Assets, Net</b>	<u>\$ 27,540,722.11</u>	<u>\$ (427,386.91)</u>	<u>\$ 3,269.01</u>	<u>\$ 27,110,066.19</u>

The capital assets schedule above includes \$4,885,731.64 that pertains to the Mooresville Center Office and Classroom Building Project. The College entered into a lease agreement with Iredell County on December 18, 2009 (modified May 7, 2010) to deed approximately 1.13 acres valued at a cost of \$675,101.20 to the County for the purpose of constructing the Mooresville Center Office and Classroom Building Project. This transfer was necessary in

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

order for the County to obtain the financing needed to provide the land, building, improvements and fixtures. The land will be used as collateral until the debt is satisfied, at which time the land, building, improvements and fixtures will be transferred to the College. Until that time, the College will lease the property from the County for \$1 annually over a period of ten years, the County's financing term period.

**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2013, were as follows:

	<u>Amount</u>
<b>Current Accounts Payable and Accrued Liabilities:</b>	
Accounts Payable	\$ 106,715.27
Accrued Payroll	<u>657,794.20</u>
<b>Total</b>	<u><u>\$ 764,509.47</u></u>

**NOTE 7 - LONG-TERM LIABILITIES**

**A. Changes in Long-Term Liabilities** - A summary of changes in the long-term liabilities for the year ended June 30, 2013, is presented as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Current Portion</u>
Notes Payable	\$ 25,000.00	\$ 0.00	\$ 25,000.00	\$ 0.00	\$ 0.00
Compensated Absences	<u>560,860.75</u>	<u>499,509.26</u>	<u>402,634.55</u>	<u>657,735.46</u>	<u>49,596.05</u>
<b>Total Long-Term Liabilities</b>	<u><u>\$ 585,860.75</u></u>	<u><u>\$ 499,509.26</u></u>	<u><u>\$ 427,634.55</u></u>	<u><u>\$ 657,735.46</u></u>	<u><u>\$ 49,596.05</u></u>

**B. Notes Payable** - The Mitchell Community College Endowment for Excellence was indebted for notes payable for the purpose shown in the following table:

<u>Purpose</u>	<u>Financial Institution</u>	<u>Final Maturity Date</u>	<u>Original Amount of Issue</u>	<u>Principal Paid Through June 30, 2013</u>	<u>Principal Outstanding June 30, 2013</u>
Drake Street Property	Private Individual	01/31/2013	<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 0.00</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 8 - OPERATING LEASE OBLIGATIONS

The College entered into operating leases for rental of property. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2013:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 1,541.90
2015	1,541.90
2016	1,541.90
2017	1,541.90
2018	1,541.90
2019-2023	7,709.50
2024-2028	7,709.50
2029-2033	7,709.50
2034-2038	7,709.50
<b>Total Minimum Lease Payments</b>	<b>\$ 38,547.50</b>

Rental expense for all operating leases during the year was \$33,148.77.

### NOTE 9 - REVENUES

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

	<u>Gross Revenues</u>	<u>Internal Sales Eliminations</u>	<u>Less Scholarship Discounts</u>	<u>Less Allowance for Uncollectibles</u>	<u>Net Revenues</u>
<b>Operating Revenues:</b>					
<b>Student Tuition and Fees</b>	\$ 5,079,328.86	\$ 0.00	\$ 2,478,489.00	\$ 4,902.42	\$ 2,595,937.44
<b>Sales and Services:</b>					
Sales and Services of Auxiliary Enterprises:					
Bookstore	\$ 1,877,086.80	\$ 3,294.49	\$ 1,127,631.55	\$ 2,666.14	\$ 743,494.62
Vending	31,737.39				31,737.39
Rent	153,810.76				153,810.76
Other	86,481.00				86,481.00
<b>Total Sales and Services</b>	<b>\$ 2,149,115.95</b>	<b>\$ 3,294.49</b>	<b>\$ 1,127,631.55</b>	<b>\$ 2,666.14</b>	<b>\$ 1,015,523.77</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 10 - 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	\$ 10,479,078.03	\$ 1,154,345.24	\$ 568,207.63	\$ 0.00	\$ 0.00	\$ 0.00	\$ 12,201,630.90
Academic Support	1,790,508.23	95,132.25	78,064.26				1,963,704.74
Student Services	1,521,988.86	69,743.74	57,653.18				1,649,385.78
Institutional Support	3,233,415.49	255,249.82	704,820.83	140.00	8,965.47		4,202,591.61
Operations and Maintenance of Plant	1,042,062.27	109,378.91	1,070,692.65		693,838.68		2,915,972.51
Student Financial Aid			1,905.00	3,731,953.43			3,733,858.43
Auxiliary Enterprises	209,232.26	1,401,144.49	70,474.30				1,680,851.05
Depreciation						747,315.04	747,315.04
<b>Total Operating Expenses</b>	<b>\$ 18,276,285.14</b>	<b>\$ 3,084,994.45</b>	<b>\$ 2,551,817.85</b>	<b>\$ 3,732,093.43</b>	<b>\$ 702,804.15</b>	<b>\$ 747,315.04</b>	<b>\$ 29,095,310.06</b>

### NOTE 11 - 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 (TSERS) is a cost-sharing multiple-employer defined benefit pension plan established by the State to provide pension benefits for employees of the State, its component units and local boards of education. The Plan is administered by a 14-member Board of Trustees, with the State Treasurer serving as Chairman of the Board.

Benefit and contribution provisions for the TSERS 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, 2013, these rates were set at 8.33% of covered payroll for employers and 6% of covered payroll for members.

For the current fiscal year, the College had a total payroll of \$14,421,310.55, of which \$10,811,398.04 was covered under the TSERS. Total employer and employee contributions for pension benefits for the year were \$900,589.43 and \$648,684.18, respectively.

Required employer contribution rates for the years ended June 30, 2012, and 2011, were 7.44% and 4.93%, respectively, while employee contributions were 6% each year. The College made 100% of its annual required contributions for the years ended June 30, 2013, 2012, and 2011, which were \$900,589.43, \$769,996.83, and \$514,261.79, respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

The TSERS 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.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

- B. Deferred Compensation and Supplemental Retirement Income Plans** - Internal Revenue Code Section 457 Plan - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the North Carolina Public Employee Deferred Compensation Plan (the Plan). The Plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, death, disability, retirement, or financial hardships if approved by the Board of Trustees of the Plan. The Board, a part of the North Carolina Department of Administration, maintains a separate fund for the exclusive benefit of the participating employees and their beneficiaries, *the North Carolina Public Employee Deferred Compensation Trust Fund*. The Board also contracts with an external third party to perform certain administrative requirements and to manage the trust fund's assets. All costs of administering and funding the Plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to \$4,355.16 for the year ended June 30, 2013.

Internal Revenue Code 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 \$72,511.00 for the year ended June 30, 2013.

Internal Revenue Code 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. The plan administrators are Valic and TIAA-CREF. No costs are incurred by the College. The voluntary contributions by employees amounted to \$26,855.00 for the year ended June 30, 2013.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

- A. **Health Benefits** - The College participates in the Comprehensive Major Medical Plan (the Plan), a cost-sharing, multiple-employer defined benefit health care plan that provides 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. Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

The Plan's benefit and contribution provisions are established by Chapter 135, Article 3B, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System and contributions to the Fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are established by the General Assembly.

For the current fiscal year the College contributed 5.30% of the covered payroll under the Teachers' and State Employees' Retirement System to the Fund. Required contribution rates for the years ended June 30, 2012, and 2011, were 5.0% and 4.9%, respectively. The College made 100% of its annual required contributions to the Plan for the years ended June 30, 2013, 2012, and 2011, which were \$573,004.08, \$517,470.99, and \$511,132.40, respectively. 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*. 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.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

**B. Disability Income** - The College participates in the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of the Teachers' and State Employees' Retirement System. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2013, the College made a statutory contribution of .44% of covered payroll under the Teachers' and State Employees' Retirement System to the DIPNC. The required contribution rate for the years ended June 30, 2012 and 2011 was .52% for both years. The College made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2013, 2012, and 2011, which were \$47,570.15, \$53,816.98, and \$54,242.62, respectively. 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 13 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$10,000,000 via contract with a private insurance company. The North Carolina Community College System Office pays the premium, based on a composite rate, directly to the private insurer.

Fire and other property losses are covered by the Public School Insurance Fund (Fund), a state-administered public entity risk pool. The Fund is financed by premiums and interest collected through membership participation and retains a \$10 million deductible per occurrence. Reinsurance is purchased by the Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

to cover catastrophic events in excess of the \$10 million deductible. Membership insured property is covered under an all risk coverage contract. Building and contents are valued under a replacement cost basis. No coinsurance penalties apply. 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.

Liability insurance for 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. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. North Carolina Community College System Office is charged a premium by the private insurance company. Coverage limit is \$5,000,000 per occurrence. The private insurance company pays 90% of each loss less a \$75,000 deductible. The College is protected for losses from employee dishonesty and theft for employees paid from county and institutional funds by a policy purchased from a private insurance company. The policy covers the College for employee crime losses up to \$100,000.

College employees and retirees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims.

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 (death benefits) of \$25,000 to \$50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 14 - COMMITMENTS

The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on other purchases were \$25,027.31 at June 30, 2013.

### NOTE 15 - BLENDED COMPONENT UNIT

Condensed combining information for the College's blended component unit for the year ended June 30, 2013, is presented as follows:

#### *Condensed Statement of Net Position June 30, 2013*

	Mitchell Community College Endowment for Excellence	Eliminations	Total
<b>ASSETS</b>			
Current Assets	\$ 457,249.14	\$ 0.00	\$ 457,249.14
Capital Assets	754,559.52		754,559.52
Other Noncurrent Assets	11,981,823.54		11,981,823.54
Total Assets	<u>13,193,632.20</u>		<u>13,193,632.20</u>
<b>LIABILITIES</b>			
Current Liabilities	<u>529.41</u>		<u>529.41</u>
<b>NET POSITION</b>			
Investment in Capital Assets	754,559.52		754,559.52
Unrestricted	<u>12,438,543.27</u>	<u>450,340.00</u>	<u>12,888,883.27</u>
Total Net Position	<u>\$ 13,193,102.79</u>	<u>\$ 450,340.00</u>	<u>\$ 13,643,442.79</u>

#### *Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2013*

	Mitchell Community College Endowment for Excellence	Eliminations	Total
<b>OPERATING REVENUES</b>			
Sales and Services	\$ 88,611.83	\$ 0.00	\$ 88,611.83
<b>OPERATING EXPENSES</b>			
Operating Expenses	516,783.96	(450,340.00)	66,443.96
Depreciation	<u>19,038.50</u>		<u>19,038.50</u>
Total Operating Expenses	<u>535,822.46</u>	<u>(450,340.00)</u>	<u>85,482.46</u>
Operating Loss	<u>(447,210.63)</u>	<u>450,340.00</u>	<u>3,129.37</u>
<b>NONOPERATING REVENUES</b>			
Noncapital Gifts	158,219.55		158,219.55
Investment Income, Net	1,229,307.72		1,229,307.72
Other Nonoperating Revenues	<u>1,010.79</u>		<u>1,010.79</u>
Nonoperating Revenues	<u>1,388,538.06</u>		<u>1,388,538.06</u>
Increase in Net Position	<u>941,327.43</u>	<u>450,340.00</u>	<u>1,391,667.43</u>
<b>NET POSITION</b>			
Net Position, July 1, 2012	<u>12,251,775.36</u>		<u>12,251,775.36</u>
Net Position, June 30, 2013	<u>\$ 13,193,102.79</u>	<u>\$ 450,340.00</u>	<u>\$ 13,643,442.79</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

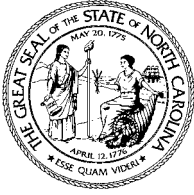
---

### *Condensed Statement of Cash Flows* *June 30, 2013*

	<b>Mitchell Community College Endowment for Excellence</b>
Net Cash Used by Operating Activities	\$ (426,866.46)
Net Cash Provided by Noncapital Financing Activities	160,165.55
Net Cash Used by Capital and Related Financing Activities	(25,000.00)
Net Cash Provided by Investing Activities	<u>36,558.27</u>
Net Decrease in Cash and Cash Equivalents	(255,142.64)
Cash and Cash Equivalents, July 1, 2012	<u>712,391.78</u>
Cash and Cash Equivalents, June 30, 2013	<u><u>\$ 457,249.14</u></u>

[ This Page Left Blank Intentionally ]



**Office of the State Auditor**

**Beth A. Wood, CPA**  
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>

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

---

Board of Trustees  
Mitchell Community College  
Statesville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mitchell Community College, a component unit of the State of North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 11, 2013. Our report includes a reference to other auditors who audited the financial statements of the Mitchell Community College Endowment for Excellence, as described in our report on the College's financial statements. The financial statements of the Mitchell Community College Endowment for Excellence were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Mitchell Community College Endowment for Excellence.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS (CONCLUDED)**

---

prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth A. Wood, CPA  
State Auditor

Raleigh, North Carolina

October 11, 2013

## ORDERING INFORMATION

---

Copies of this report may be obtained by contacting the:

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

Telephone: 919-807-7500

Facsimile: 919-807-7647

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

To report alleged incidents of fraud, waste or abuse in state government contact the:

Office of the State Auditor Fraud Hotline: 1-800-730-8477

or download our free app



<https://play.google.com/store/apps/details?id=net.ncauditor.ncauditor>



<https://itunes.apple.com/us/app/nc-state-auditor-hotline/id567315745>

For additional information contact:

Bill Holmes

Director of External Affairs