STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA

ROBESON COMMUNITY COLLEGE

LUMBERTON, NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2016

A COMPONENT UNIT OF THE STATE OF NORTH CAROLINA

NCOSA

The Taxpayers' Watchdog

STATE OF NORTH CAROLINA
Office of the State Auditor

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Beth A. Wood, CPA
State Auditor

AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
The General Assembly of North Carolina
Board of Trustees, Robeson Community College

We have completed a financial statement audit of Robeson Community College for the year ended June 30, 2016, 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.

Beth A. Wood

Beth A. Wood, CP A
State Auditor

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State Auditor

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Article V, Chapter 147 of the *North Carolina General Statutes*, gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency. The Auditor also has the power to summon people to produce records and to answer questions under oath.

Independent Auditor's Report

STATE OF NORTH CAROLINA
Office of the State Auditor

Beth A. Wood, CPA
State Auditor

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20601 Mail Service Center
Raleigh, NC 27699-0600
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Robeson Community College
Lumberton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Robeson Community College (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, 2016, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Robeson Community College Services Corporation, which represent less than 1 percent of the revenues of the College; nor the financial statements of Robeson Community College Foundation, Inc., the College's discretely presented component unit. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports 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 Robeson Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

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 opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Robeson Community College, and its discretely presented component unit, as of June 30, 2016, and the respective 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 and other required supplementary information, as listed in the table of contents, 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 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 March 14, 2017 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, 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

Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

March 14, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Robeson Community College's (College) annual financial report represents Management's Discussion and Analysis of the College's financial activity for the fiscal year ended June 30, 2016, with comparative data for fiscal year ended June 30, 2015. The discussion and analysis is designed to focus on current activities, resulting change, and currently known facts. Please read it in conjunction with the College's basic financial statements and the notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The College's basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one column. Robeson Community College blends one component unit as if it was part of the College and reports one component unit separately based on the nature and significance of its relationship to the College. Note 1A provides detailed information on the College's financial reporting entity. According to the Governmental Accounting Standards Board (GASB) the College is required to present the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position includes assets, liabilities, deferred inflows, deferred outflows, and net position. This statement reflects the overall financial position of the College at June 30, 2016. The statement is a point-in-time statement, the purpose of which is to present a fiscal snapshot of the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The increase or decrease in net position is an indicator of the improvement or erosion of the College's financial condition.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is designed to be similar to bottom line results for the College. The statement focuses on both the gross and the net costs of College activities, which are supported mainly by state funds, county appropriations, grants as well as other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

The Statement of Cash Flows provides information relative to the College's sources and uses of cash for operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The statement provides a reconciliation of beginning cash balances to ending cash balances and is representative of the activity reported on the Statement of Revenues, Expenses, and Changes in Net Position as adjusted for changes in the beginning and ending balance of noncash accounts on the Statement of Net Position.

The information in this section is intended to provide a general overview of the College's financial statements and is based upon the information contained in the financial statements accompanying this discussion and analysis. The user is encouraged to reference the appropriate section of the financial statements for the supporting detailed information. For more information, please contact the Business Services Office at (910) 272-3541.

Institutional Assets

The assets of the College are divided between current and noncurrent assets. Current assets include cash and cash equivalents, receivables expected to be collected within the next accounting cycle, inventories and prepaid items. Noncurrent assets include cash and cash equivalents, receivables due from the State for construction projects, and capital assets (land, construction in progress, buildings, general infrastructure, and equipment).

Condensed Statement of Net Position

	June 30, 2016	June 30, 2015	Change	% Change
Current Assets	$ 3,067,351.19	$ 2,687,814.43	$ 379,536.76	14.12%
Noncurrent Assets:				
Capital Assets, Net of Depreciation	23,305,111.53	23,822,110.55	(516,999.02)	-2.17%
Other Noncurrent Assets	263,924.19	267,766.99	(3,842.80)	-1.44%
Total Assets	26,636,386.91	26,777,691.97	(141,305.06)	-0.53%
Deferred Outflows Related to Pensions	1,009,018.00	1,153,402.00	(144,384.00)	-12.52%
Current Liabilities	1,096,829.27	777,336.16	319,493.11	41.10%
Long-Term Liabilities	3,612,690.42	2,139,028.45	1,473,661.97	68.89%
Total Liabilities	4,709,519.69	2,916,364.61	1,793,155.08	61.49%
Deferred Inflows Related to Pensions	893,126.00	3,476,497.00	(2,583,371.00)	-74.31%
Net Position:				
Net Investment in Capital Assets	23,202,111.53	23,822,110.55	(619,999.02)	-2.60%
Restricted	1,259,955.82	913,586.74	346,369.08	37.91%
Unrestricted	(2,419,308.13)	(3,197,464.93)	778,156.80	24.34%
Total Net Position	$ 22,042,759.22	$ 21,538,232.36	$ 504,526.86	2.34%

The College's capital assets are stated at their purchase price or, in the case of donations, assigned an acquisition value when they are accepted. The College records purchases as a capital asset when the purchase price is more than $5,000 at the date of purchase and the asset has a useful life of more than one year. Capital assets, net of depreciation, decreased by $516,999.02 from the prior year. In FY15, several projects were completed which caused an increase in depreciable assets. However, in FY16 there were no completed CIP projects and equipment purchases remained relatively the same. The decrease is difference between equipment additions and current year depreciation expense.

The increase in current assets of 14.12% was primarily due to the increase in restricted cash of $320,398.29. The Advisory Committee for the Duke Energy Community College Grant Program approved a grant for the College in the amount of $232,290.00 for Advancing Automation and Robotic Skills for southeastern North Carolina. The College also collected $32,727.15 more in system wide fees during the current fiscal year than were expended. The amount of unspent county capital aid on hand at year end increased by $93,050.06.

Institutional Liabilities

The College's liabilities are divided between current liabilities payable within 12 months and noncurrent liabilities that extend beyond one year. Accounts payable and accrued liabilities, the College's largest current liability at June 30, 2016, includes amounts due to vendors and accrued payroll.

Long-term liabilities include the portion of accrued employee annual leave that will not be paid within the next fiscal year, calculated at the current salary rates for each employee, consistent with the institution's leave policies. Long-term liabilities increased 68.89% in the current fiscal year. This increase is attributable to the requirement under GASB 68 that colleges must record net pension liability. For fiscal year 2016, the College's net pension liability was $2,751,369.00, an increase of $1,788,811.00. See Note 12 to the audited financial statements for further details related to the pension plan.

Deferred Inflows Related to Pensions

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to the pension plan.

For fiscal year 2016, deferred inflows related to pensions decreased $2,583,371.00 in comparison to the previous fiscal year.

Net Position

Net Position is a measure of the value of all the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The net position is divided into three categories including net investment in capital assets, restricted expendable, and unrestricted.

Net investment in capital assets represents the College's total investment in capital assets, net of outstanding liabilities related to those capital assets.

Restricted expendable net position consists of resources in which the College is legally or contractually obligated to spend in accordance with restrictions by external parties. It is comprised of capital projects, specific programs and other expendable assets.

Unrestricted net position includes resources derived from student tuition and fees, sales and services, and other income. The College's total net position increased by $504,526.86 or 2.34% from the prior period.

Deferred outflows and inflows of resources are not revenues, expenses, assets or liabilities. They represent flows of resources into and out of a government agency during the fiscal year and are related to future periods.

Revenues

The College's revenues are classified as operating and nonoperating revenues. Operating revenues include student tuition and fees, other operating revenues, and the revenue received from sales and services, principally comprised of the revenue received from vending and the student government association. Operating revenues decreased by $216,841.51 or 13.77% from the prior period mainly due to a decrease in student enrollment.

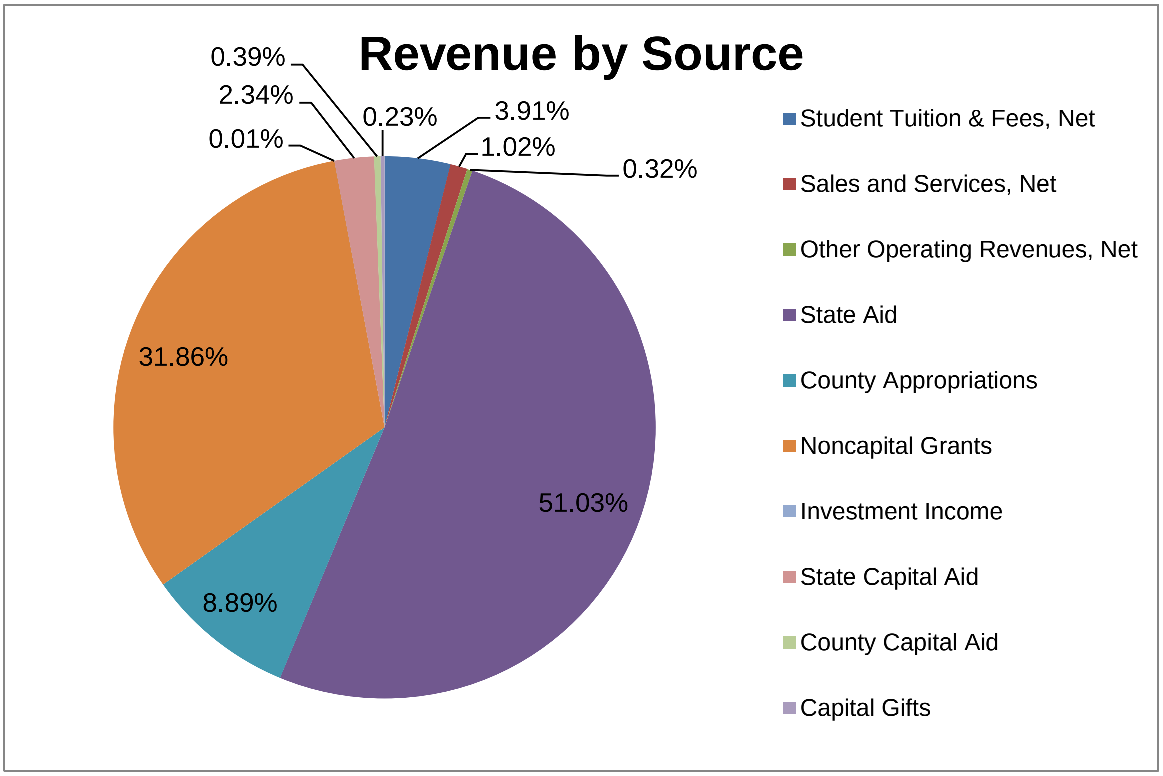
The largest operating revenue in the amount of $1,012,099.10 is from net student tuition and fees. Student tuition, though identified as revenue, is remitted back to the State Treasurer and is not netted against the College's state aid which is identified as nonoperating revenue. The State mandated an increase in the in-state and out-of-state tuition rates of $4.00 per credit hour. Along with the tuition rate increases, the College has also experienced a decline of 3.37% in enrollment compared to the prior fiscal year. This is representative of the decrease in student enrollment from the prior year. Student tuition and fees, net, decreased by 14.70% as a result of a decline in full-time equivalent students during the year.

Nonoperating revenues comprise the major portion of the College's revenue and include formula allocations from the North Carolina State Board of Community Colleges for current expense, equipment, and capital improvements, as well as funds appropriated from the Robeson County Board of Commissioners, student financial aid, other capital and noncapital grants and gifts, and interest income.

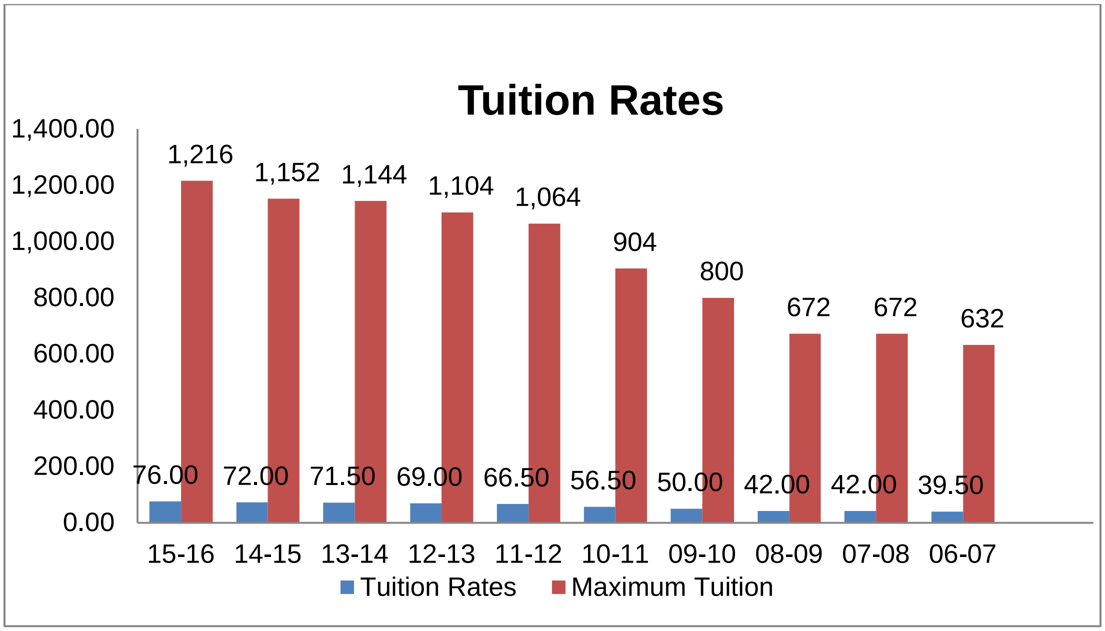
There was a 16.30% decrease in noncapital grants because the Federal TRIO Program and North Carolina Advanced Manufacturing Alliance (NCAMA) grants ended in August and September 2015, respectively. County capital aid is funding used to replace the College's roofs. All roofs were completed in FY15, therefore funding was less in FY16. The 81.71% reduction in capital gifts and grants was related to the Better Occupational Outcomes with Simulation Training (BOOST) grant for the Healthcare Simulation Lab, which was completed in FY15. Other nonoperating expenses were reduced by 80.30% due to the end of the NCAMA grant during the fiscal year.

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

	June 30, 2016	June 30, 2015	Change	% Change
Operating Revenues:				
Student Tuition and Fees, Net	$ 1,012,099.10	$ 1,186,474.88	$ (174,375.78)	-14.70%
Sales and Services, Net	263,859.10	341,062.88	(77,203.78)	-22.64%
Other Operating Revenues, Net	82,262.17	47,524.12	34,738.05	73.10%
Total Operating Revenues	1,358,220.37	1,575,061.88	(216,841.51)	-13.77%
Operating Expenses:				
Salaries and Benefits	15,095,473.13	16,664,987.42	(1,569,514.29)	-9.42%
Supplies and Materials	1,001,173.11	1,594,275.66	(593,102.55)	-37.20%
Services	3,585,521.42	3,904,876.00	(319,354.58)	-8.18%
Scholarships and Fellowships	3,816,362.24	4,261,011.91	(444,649.67)	-10.44%
Utilities	493,657.82	557,554.00	(63,896.18)	-11.46%
Depreciation	1,231,139.74	1,171,784.04	59,355.70	5.07%
Total Operating Expenses	25,223,327.46	28,154,489.03	(2,931,161.57)	-10.41%
Operating Loss	(23,865,107.09)	(26,579,427.15)	2,714,320.06	-10.21%
Nonoperating Revenues (Expenses):				
State Aid	13,202,639.91	14,916,704.09	(1,714,064.18)	-11.49%
County Appropriations	2,300,000.00	2,236,500.00	63,500.00	2.84%
Noncapital Grants	8,242,235.06	9,847,614.64	(1,605,379.58)	-16.30%
Investment Income	2,577.58	2,123.11	454.47	21.41%
Other Nonoperating Expenses	(142,774.31)	(724,788.64)	582,014.33	-80.30%
Net Nonoperating Revenues	23,604,678.24	26,278,153.20	(2,673,474.96)	-10.17%
Other Revenues:				
State Capital Aid	604,955.71	568,198.77	36,756.94	6.47%
County Capital Aid	100,000.00	203,500.00	(103,500.00)	-50.86%
Capital Gifts and Grants	60,000.00	327,967.64	(267,967.64)	-81.71%
Total Other Revenues	764,955.71	1,099,666.41	(334,710.70)	-30.44%
Total Revenues	25,870,628.63	29,677,670.13	(3,807,041.50)	-12.83%
Total Expenses	(25,366,101.77)	(28,879,277.67)	3,513,175.90	-12.17%
Total Increase in Net Position	504,526.86	798,392.46	(293,865.60)	36.81%
Net Position, July 1	21,538,232.36	20,739,839.90	798,392.46	3.85%
Net Position, June 30	$ 22,042,759.22	$ 21,538,232.36	$ 504,526.86	2.34%

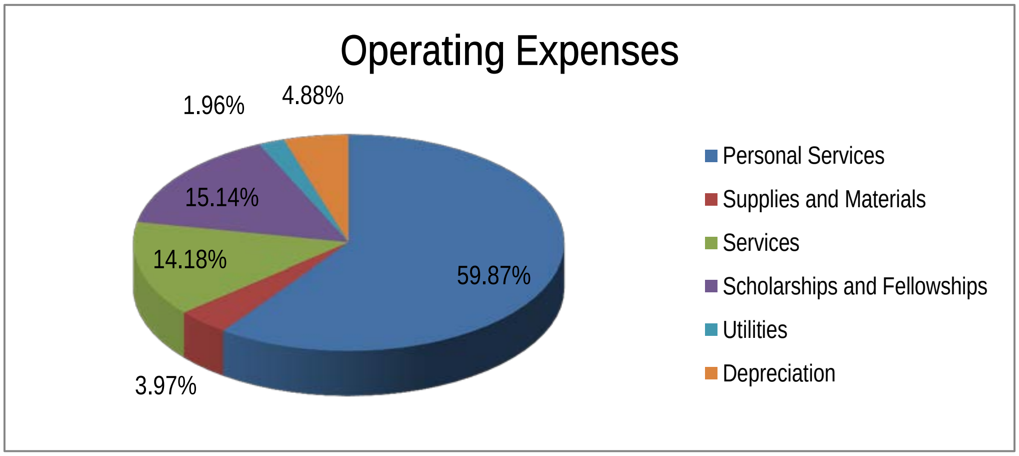


Per the General Assembly, both in-state and out-of-state tuition increased for fiscal year ending 2016 to $76.00 and $268.00 per credit hour, respectively. Tuition rates have increased 92.41% over the last ten years.



Operating Expenses

The operating expenses of the College are comprised principally of the direct cost of personnel and their fringe benefits identified as salaries and benefits. Support cost, scholarships, and depreciation make up the balance of direct costs. The College experienced a reduction in supplies and materials of 37.20% or $593,102.55 as a result of decreased spending associated with the decline in state aid received for the year. Services decreased as well in the amount $319,354.58. Due to the decrease in College and Career Readiness funding, the College was forced to cease offering transportation for those students which is a direct result of the decrease in services expenditures. Salaries and benefits, which include both staff and faculty required to continue College operations, experienced a decrease of $1,569,514.29 or 9.42%. The decrease was more substantial than previous years because of 12 reductions in force and non-renewals on June 30, 2015 in hopes to account for the decrease in state funding over the next two years. Scholarships and fellowships declined by $444,649.67 due to a decrease in Pell grant authorizations and a decrease in enrollment. The Department of Education sets limits to the number of semester hours a student can obtain Pell assistance and has strict regulations on Satisfactory Academic Progress (SAP) which affects students' financial aid eligibility.



Capital Contributions

State capital contributions are received through appropriations from the North Carolina State Board of Community Colleges under a formula allocation for educational equipment and instructional resources. State capital aid increased by $36,756.94 from the prior year as a result of increases in capital purchases with state funds. Capital contributions are also received through appropriations from Robeson County for equipment, motor vehicles, and small construction items.

The North Carolina State Board of Community Colleges approved two projects as part of the Connect North Carolina Bond sale. Robeson Community College consistently ranks in the top of the State for issuance of fire training credentials and Emergency Medical Services (EMS) certificates. To accommodate the demand for class and practical training it is imperative to simulate real life scenarios and practical situations for our students. The addition of a new burn building and training tower is essential for students to demonstrate mastery of skill. The estimated cost of this project is $2,188,400. The College serves approximately 10,000 students (duplicated) consisting of 680 classes annually for both fire training and EMS programs. Additional classroom space is needed to accommodate the growing demand. The second project will be a detached addition to the existing Emergency

Services Classroom Building. This additional space will provide a new testing area for classes requiring examination for state and national certifications. The estimated cost of this project is $2,193,430.00.

Capital Assets

Robeson Community College's net investment in capital assets as of June 30, 2016, amounted to $23,202,111.53, net of outstanding liabilities related to those capital assets. This investment in capital assets includes construction in progress, machinery and equipment, vehicles, land, buildings, and general infrastructure. There were no significant changes in capital assets from the prior period.

Economic Factors Impacting Future Periods

Amid concerns for textbook costs, increased tuition rates, and several other factors, the College's total FTE has decreased from 2,875 in 2015 to 2,778 in 2016. The College's budgeted FTE remained relatively stable. The College's Long Range Strategic Plan has identified facilities and programs designed for changing employment needs in the region which will likely increase enrollment and modernize and expand its complement of facilities with a balance of new construction for the next bond issue.

The majority of the College's students receive some type of financial aid, primarily in the form of Pell grants. The College participated in the William D. Ford Direct Loans program through the fiscal year ended June 30, 2012. The loans increase the students' outstanding debt which can leave the College more vulnerable to actions of government agencies. The College was concerned that students may not stay current with their required loan payments and this default rate can adversely affect the College's ability to participate in federal aid programs.

In addition, the state of the economy which is reflected by unemployment rates in Robeson and surrounding counties has a direct relationship to enrollment. The following information reflects the unemployment rates in Robeson County.

	2016	2015	2014	2013	2012	2011
January	8.10%	9.00%	10.10%	13.90%	14.00%	12.70%
February	8.30%	8.90%	9.60%	13.00%	13.40%	12.40%
March	7.70%	8.40%	9.30%	12.30%	12.80%	12.20%
April	7.20%	8.30%	8.90%	11.80%	12.60%	12.10%
May	6.80%	8.80%	9.50%	12.50%	12.90%	12.30%
June	7.30%	9.00%	9.30%	13.00%	13.90%	13.20%
July	7.20%	9.30%	10.10%	13.30%	13.90%	13.40%
August	7.30%	8.90%	9.90%	12.00%	13.70%	14.60%
September	6.80%	8.00%	8.60%	10.90%	12.40%	14.20%
October	11.90%	7.80%	8.00%	11.20%	12.50%	14.10%
November	7.50%	7.80%	7.70%	10.10%	12.30%	13.70%
December	7.40%	7.50%	7.60%	9.10%	12.80%	13.70%

Enrollment figures for curriculum and continuing education are as shown below:

	Fall	Spring
2015-2016	6,032	5,971
2014-2015	5,972	5,782
2013-2014	7,129	6,587
2012-2013	7,219	7,436
2011-2012	8,028	7,659
2010-2011	8,184	7,734
2009-2010	7,854	8,515
2008-2009	7,681	8,175
2007-2008	7,943	7,900
2006-2007	7,653	8,794
2005-2006	7,689	8,244
2004-2005	8,084	8,153

The College takes every opportunity to acquire alternative funding. Grants awarded during the fiscal year include:

- Workforce Investment Act – Out of School Youth Program ($271,853)
- Robeson County Partnership for Children - Professional Development ($340,000)
- Project Skill Up - ($4,385)
- Male Minority Mentoring - ($17,608)
- NCAHEC Clinical Site Grant - ($10,000)
- Department of Education Project ACCESS – ($128,000)
- Duke Energy Community College Grant – ($232,290)

A crucial element to the College's future will continue to be our relationship with the State of North Carolina and the North Carolina General Assembly as we work to maintain revenue sufficient to provide an outstanding College education for our students. There is a direct relationship between the growth of the state support and the College's ability to provide services. However, the College will continue to respond to the community's needs by providing services and education to the population of Robeson County to the extent resources will allow. With these changes we anticipate the College will remain financially stable.

FINANCIAL STATEMENTS

Robeson Community College
Statement of Net Position
June 30, 2016 — *Exhibit A-1*

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	1,312,130.35
Restricted Cash and Cash Equivalents		1,000,385.39
Receivables, Net (Note 4)		459,053.06
Due from State of North Carolina Component Units		153,427.98
Inventories		35,322.10
Prepaid Items		107,032.31
Total Current Assets		3,067,351.19
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		221,953.74
Restricted Due from Primary Government		41,970.45
Capital Assets - Nondepreciable (Note 5)		616,737.76
Capital Assets - Depreciable, Net (Note 5)		22,688,373.77
Total Noncurrent Assets		23,569,035.72
Total Assets		26,636,386.91
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions		1,009,018.00
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)		723,062.25
Due to Primary Government		2,856.25
Unearned Revenue		101,981.02
Funds Held for Others		81,394.11
Long-Term Liabilities - Current Portion (Note 7)		187,535.64
Total Current Liabilities		1,096,829.27
Noncurrent Liabilities:		
Long-Term Liabilities (Note 7)		3,612,690.42
Total Liabilities		4,709,519.69
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions		893,126.00
NET POSITION		
Net Investment in Capital Assets		23,202,111.53
Restricted for:		
Expendable:		
Capital Projects		217,056.13
Restricted for Specific Programs		335,290.00
Other		707,609.69
Unrestricted		(2,419,308.13)
Total Net Position	$	22,042,759.22

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

Robeson Community College
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2016 — *Exhibit A-2*

REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net (Note 10)	$	1,012,099.10
Sales and Services, Net (Note 10)		263,859.10
Other Operating Revenues, Net (Note 10)		82,262.17
Total Operating Revenues		1,358,220.37
EXPENSES		
Operating Expenses:		
Salaries and Benefits		15,095,473.13
Supplies and Materials		1,001,173.11
Services		3,585,521.42
Scholarships and Fellowships		3,816,362.24
Utilities		493,657.82
Depreciation		1,231,139.74
Total Operating Expenses		25,223,327.46
Operating Loss		(23,865,107.09)
NONOPERATING REVENUES (EXPENSES)		
State Aid		13,202,639.91
County Appropriations		2,300,000.00
Noncapital Grants - Student Financial Aid		5,737,054.39
Noncapital Grants		2,505,180.67
Investment Income		2,577.58
Other Nonoperating Expenses		(142,774.31)
Net Nonoperating Revenues		23,604,678.24
Loss Before Other Revenues		(260,428.85)
State Capital Aid		604,955.71
County Capital Aid		100,000.00
Capital Gifts		60,000.00
Increase in Net Position		504,526.86
NET POSITION		
Net Position, July 1, 2015		21,538,232.36
Net Position, June 30, 2016	$	22,042,759.22

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

Robeson Community College
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 1,370,608.03
Payments to Employees and Fringe Benefits	(15,839,646.69)
Payments to Vendors and Suppliers	(5,080,458.29)
Payments for Scholarships and Fellowships	(3,816,362.24)
Other Payments	(115,000.25)
Net Cash Used by Operating Activities	(23,480,859.44)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid Received	13,202,639.91
County Appropriations	2,300,000.00
Noncapital Grants - Student Financial Aid	5,737,054.39
Noncapital Grants	2,371,653.28
Cash Provided by Noncapital Financing Activities	23,611,347.58
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Aid Received	615,515.71
County Capital Aid	100,000.00
Acquisition and Construction of Capital Assets	(556,080.05)
Net Cash Provided by Capital and Related Financing Activities	159,435.66
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	2,577.58
Cash Provided by Investing Activities	2,577.58
Net Increase in Cash and Cash Equivalents	292,501.38
Cash and Cash Equivalents, July 1, 2015	2,241,968.10
Cash and Cash Equivalents, June 30, 2016	$ 2,534,469.48

Robeson Community College
Statement of Cash Flows *Exhibit A-3*
For the Fiscal Year Ended June 30, 2016

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$ (23,865,107.09)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	1,231,139.74
Pension Expense	234,205.00
Miscellaneous Pension Adjustment	1,079.00
Nonoperating Other Expenses	(137,834.98)
Changes in Assets, Liabilities, and Deferred Outflows of Resources:	
Receivables, Net	35,703.36
Inventories	(13,854.29)
Prepaid Items	17,925.74
Accounts Payable and Accrued Liabilities	29,331.69
Due to Primary Government	106.75
Unearned Revenue	(23,315.70)
Funds Held for Others	22,834.73
Deferred Outflows for Contributions Subsequent to the Measurement Date	(885,460.00)
Compensated Absences	(127,613.39)
Net Cash Used by Operating Activities	$ (23,480,859.44)

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:	
Cash and Cash Equivalents	$ 1,312,130.35
Restricted Cash and Cash Equivalents	1,000,385.39
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	221,953.74
Total Cash and Cash Equivalents - June 30, 2016	$ 2,534,469.48

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through Assumption of a Liability	$ 103,000.00
Assets Acquired through a Gift	60,000.00
Increase in Receivables Related to Nonoperating Income	130,419.85
Loss on Disposal of Capital Assets	(4,939.33)

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

Robeson Community College Foundation, Inc.
Statement of Financial Position
June 30, 2016 — *Exhibit B-1*

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	271,379
Investments		108,762
Total Current Assets		380,141
Noncurrent Assets:		
Investments		1,795,433
Total Assets	$	2,175,574
LIABILITIES	$	0
NET ASSETS		
Permanently Restricted		1,450,837
Temporarily Restricted		424,610
Unrestricted		300,127
Total Net Position	$	2,175,574

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

Robeson Community College Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2016 — *Exhibit B-2*

	Permanently Restricted	Temporarily Restricted	Unrestricted	Total
Operating Revenue and Gains				
Campus Fund Drive	$ 0	$ 0	$ 34,918	$ 34,918
Contributions		18,443	11,954	30,397
Scholarships		37,052		37,052
Golf Tournament Fundraiser			27,373	27,373
Endowments	89,783			89,783
Learners to Leaders		57,050		57,050
Investment Income - Including Unrealized Gains and (Losses) on Investments (Net of Investment Expense of $8,143)	(123,208)	104,876	19	(18,313)
Net Assets Released From Restrictions		847	(847)	
Total Operating Revenue and Gains	(33,425)	218,268	73,417	258,260
Operating Expenses				
Program Service-Related				
Contracted Services			13,807	13,807
Scholarships		95,210		95,210
Grant and Program Service Expenditures		49,367		49,367
General and Administrative		8,959		8,959
Management and General				
General and Administrative			48,652	48,652
Total Operating Expenses		153,536	62,459	215,995
Excess of Operating Revenue and Gains in Excess of Operating Expenses	(33,425)	64,732	10,958	42,265
Increase (Decrease) in Net Assets	(33,425)	64,732	10,958	42,265
Net Assets - Beginning of Year	1,484,262	359,878	289,169	2,133,309
Net Asset - End of Year	$ 1,450,837	$ 424,610	$ 300,127	$ 2,175,574

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

NOTES TO THE FINANCIAL STATEMENTS

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. Robeson Community College (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 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 College's financial statements. See below for further discussion of the College's component units.

Blended Component Unit - Although legally separate, Robeson Community College Services Corporation (Corporation) is reported as if it was part of the College. The Corporation is governed by a 12-member board consisting of 12 ex-officio directors. The Corporation's purpose is to aid, support, and promote teaching, research, and service in the various educational, scientific, scholarly, professional, artistic, and creative endeavors of the College. Because the elected directors of the Corporation are appointed by the members of the Robeson Community College Board of Trustees and the Corporation's sole purpose is to benefit Robeson Community College, its financial statements have been blended with those of the College.

At the meeting dated July 13, 2015, the Corporation's Board of Directors voted to transfer all assets to Robeson Community College. The Board also voted to maintain the entity and it's 501(c)(3) status should it be needed in the future.

Separate financial statements for the Corporation may be obtained from the Robeson Community College Business Services Office, Post Office Box 1420, Lumberton, NC 28359 or by calling (910) 272-3541.

Condensed combining information regarding blended component unit is provided in Note 16.

Discretely Presented Component Unit - Robeson Community College Foundation, Inc. (Foundation) is a legally separate, tax-exempt, nonprofit corporation and is reported as discretely presented component unit based on the nature and significance of its relationship to 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 29 members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

The Robeson Community College Foundation, Inc. is a private nonprofit organization that reports its financial results under the Financial Accounting Standards Board (FASB) Codification. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2016, the Foundation distributed $88,760.14 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Robeson Community College Business Services Office, Post Office Box 1420 Lumberton, NC 28359 or by calling (910) 272-3541.

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, 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. Additional information regarding the fair value measurement of investments is disclosed in Note 3.

E. **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.

F. **Inventories** - Inventories, consisting of expendable supplies, are valued at cost using the first-in, first-out method.

G. **Capital Assets** - Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. The value of assets constructed includes all material direct and indirect construction costs. Interest costs incurred are capitalized during the period of construction.

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 in the following manner:

Asset Class	Estimated Useful Life
Buildings	40-50 years
Machinery & Equipment	3-15 years
General Infrastructure	10-65 years

H. **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 and resources whose use is limited by external parties or statute.

I. **Noncurrent Long-Term Liabilities** - Noncurrent long-term liabilities include net pension liability and compensated absences that will not be paid within the next fiscal year.

The net pension liability represents the College's proportionate share of the collective net pension liability reported in the State of North Carolina's 2015 *Comprehensive Annual Financial Report.* This liability represents the College's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement

System. See Note 12 for further information regarding the College's policies for recognizing liabilities, expenses, and deferred outflows and inflows related to pensions.

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 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 year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous June 30 plus the leave earned, less the leave taken between July 1 and June 30.

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.

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

Net Investment in Capital Assets - This represents the College's total investment in capital assets, net of outstanding liabilities related to those capital assets.

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. Both restricted and unrestricted net position include consideration of deferred outflows and inflows of resources.

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 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.

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 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 and fees, and (2) sales and services of auxiliary enterprises. 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 that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

N. County Appropriations - County appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, motor vehicle purchases, and maintenance of equipment. Unexpended county current appropriations and county capital appropriations do not revert and are available for future use by the College.

NOTE 2 - DEPOSITS AND INVESTMENTS

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. The amount shown on the Statement of Net Position as cash and cash equivalents includes cash on hand totaling $500.00, and deposits in private financial institutions with a carrying value of $2,172,152.60 and a bank balance of $2,837,754.10.

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, 2016, the College's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

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, 2016, the amount shown on the Statement of Net Position as cash and cash equivalents includes $361,816.88 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 or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.5 years as of June 30, 2016. Assets and shares of the STIF are valued at 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 on the North Carolina Office of the State Controller's website at http://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

Investments of the Component Unit – Investments of the College's discretely presented component unit, the Robeson Community College Foundation, Inc. (Foundation) 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. Investments of the Foundation as of June 30, 2016, are summarized as follows:

Investment Type	Cost	Fair Value	Carrying Value
Unrestricted	$ 82,807.00	$ 108,762.00	$ 108,762.00
Restricted	1,450,837.00	1,795,433.00	1,795,433.00
Total	$ 1,533,644.00	$ 1,904,195.00	$ 1,904,195.00

The following table presents the investments by type and investments subject to interest rate risk at June 30, 2016, for the Foundation'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 value of investments. The Foundation does not have a formal investment policy that addresses interest rate risk.

	Investment Maturities (in Years)	
	Fair Value	1 to 5
Investment Type		
Debt Securities		
Debt Mutual Funds	$ 771,199.00	$ 771,199.00
Other Securities		
Mutual Funds	1,132,996.00	
Total Investments	$ 1,904,195.00	

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a formal policy that addresses credit risk. As of June 30, 2016, the College's investments were rated as follows:

	Fair Value	Unrated
Debt Mutual Funds	$ 771,199.00	$ 771,199.00

Rating Agency: S & P

NOTE 3 - FAIR VALUE MEASUREMENTS

College - To the extent available, the College's investments are recorded at fair value as of June 30, 2016. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 — Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 — Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.

Level 3 — Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment.

Short-Term Investment Fund - At year-end, all of the College's investments valued at $361,816.88 were held in the STIF which is a Level 2 investment. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian.

Component Unit - Financial Accounting Standards Board Statement Accounting Standards Codification 820, Fair Value Measurements and Disclosures (FASB ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques uses to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets.

- Level 2 Inputs - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or other inputs that can be corroborated by observable market data for substantially the full term of the assets.

- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds are valued using prices quoted in active markets for those securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table represents assets reported on the statement of financial position at their fair value as of June 30, 2016, by level within the fair value hierarchy:

	Fair Value	Level 1
Investments by Fair Value Level		
Debt Securities		
Debt Mutual Funds	$ 771,199.00	$ 771,199.00
Other Securities		
Mutual Funds	1,132,996.00	1,132,996.00
Total Investments Measured at Fair Value Level	$ 1,904,195.00	$ 1,904,195.00

NOTE 4 - RECEIVABLES

Receivables at June 30, 2016, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,275,610.20	$ 1,150,535.30	$ 125,074.90
Student Sponsors	125,510.70		125,510.70
Intergovernmental	208,467.46		208,467.46
Total Current Receivables	$ 1,609,588.36	$ 1,150,535.30	$ 459,053.06

NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2016, is presented as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets, Nondepreciable:				
Land	$ 513,737.76	$ 0.00	$ 0.00	$ 513,737.76
Construction in Progress		103,000.00		103,000.00
Total Capital Assets, Nondepreciable	513,737.76	103,000.00		616,737.76
Capital Assets, Depreciable:				
Buildings	26,288,069.62			26,288,069.62
Machinery and Equipment	8,057,703.12	616,080.05	133,771.04	8,540,012.13
General Infrastructure	3,633,963.66			3,633,963.66
Total Capital Assets, Depreciable	37,979,736.40	616,080.05	133,771.04	38,462,045.41
Less Accumulated Depreciation for:				
Buildings	9,160,780.38	568,483.92		9,729,264.30
Machinery and Equipment	4,102,122.51	603,088.06	128,831.71	4,576,378.86
General Infrastructure	1,408,460.72	59,567.76		1,468,028.48
Total Accumulated Depreciation	14,671,363.61	1,231,139.74	128,831.71	15,773,671.64
Total Capital Assets, Depreciable, Net	23,308,372.79	(615,059.69)	4,939.33	22,688,373.77
Capital Assets, Net	$ 23,822,110.55	$ (512,059.69)	$ 4,939.33	$ 23,305,111.53

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2016, were as follows:

	Amount
Current Accounts Payable and Accrued Liabilities:	
Accounts Payable	$ 117,547.62
Contracts Payable	103,000.00
Accrued Payroll	502,514.63
Total Current Accounts Payable and Accrued Liabilities	$ 723,062.25

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities for the year ended June 30, 2016, is presented as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Current Portion
Net Pension Liability	$ 962,558.00	$ 1,788,811.00	$ 0.00	$ 2,751,369.00	$ 0.00
Compensated Absences	1,176,470.45	950,603.93	1,078,217.32	1,048,857.06	187,535.64
Total Long-Term Liabilities	$ 2,139,028.45	$ 2,739,414.93	$ 1,078,217.32	$ 3,800,226.06	$ 187,535.64

NOTE 8 - OPERATING LEASE OBLIGATIONS

The College entered into operating leases for copiers. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2016:

Fiscal Year	Amount
2017	$ 128,401.92
2018	2,700.00
2019	1,125.00
Total Minimum Lease Payments	$ 132,226.92

Rental expense for all operating leases during the year was $130,326.44.

NOTE 9 - FUTURE RENTAL REVENUES

Future minimum lease revenue under noncancelable leases related to wireless broadband services are recorded when earned. Minimum future revenues under noncancelable agreements treated as operating leases as of June 30, 2016 consist of the following:

Fiscal Year	Amount
2017	$ 23,093.00
2018	23,093.00
2019	23,093.00
2020	23,093.00
2021	23,093.00
2022-2026	90,448.00
Total Future Minimum Revenue	$ 205,913.00

NOTE 10 - REVENUES

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

	Gross Revenues	Less Scholarship Discounts	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:				
Student Tuition and Fees, Net	$ 3,079,890.95	$ 1,969,544.44	$ 98,247.41	$ 1,012,099.10
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Bookstore	$ 160,115.77	$ 0.00	$ 0.00	$ 160,115.77
Vending	38,106.42			38,106.42
Sales and Services of Education and Related Activities	101,430.21	35,793.30		65,636.91
Total Sales and Services, Net	$ 299,652.40	$ 35,793.30	$ 0.00	$ 263,859.10
Other Operating Revenues, Net	$ 164,534.04	$ 82,271.87	$ 0.00	$ 82,262.17

NOTE 11 - OPERATING EXPENSES BY FUNCTION

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

	Salaries and Benefits	Supplies and Materials	Services	Scholarships and Fellowships	Utilities	Depreciation	Total
Instruction	$ 9,703,409.32	$ 472,474.20	$ 866,983.25	$ 0.00	$ 0.00	$ 0.00	$ 11,042,866.77
Academic Support	1,320,916.01	55,318.74	48,321.62				1,424,556.37
Student Services	1,310,400.35	16,380.89	69,670.06				1,396,451.30
Institutional Support	2,463,123.47	129,157.92	1,274,753.91	1,750.00			3,868,785.30
Operations and Maintenance of Plant	155,847.40	326,799.89	1,116,055.61		493,657.82		2,092,360.72
Student Financial Aid	141,776.58	1,041.47	27,485.11	3,814,612.24			3,984,915.40
Auxiliary Enterprises			182,251.86				182,251.86
Depreciation						1,231,139.74	1,231,139.74
Total Operating Expenses	$ 15,095,473.13	$ 1,001,173.11	$ 3,585,521.42	$ 3,816,362.24	$ 493,657.82	$ 1,231,139.74	$ 25,223,327.46

NOTE 12 - PENSION PLANS

Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. The contribution rate for employers is set each year by the NC General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The College's contractually-required contribution rate for the year ended June 30, 2016 was 9.15% of covered payroll. The College's contributions to the pension plan were $885,460.00, and employee contributions were $580,629.51 for the year ended June 30, 2016.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2015 *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at http://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The plan's fiduciary net position was determined on the same basis used by the pension plan.

Methods Used to Value TSERS Investment: Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its Investment Pool. The pension trust funds are the primary participants in the Long-term Investment portfolio and the sole participants in the External Fixed Income Investment, Equity Investment, Real Estate

Investment, Alternative Investment, Credit Investment, and Inflation Protection Investment portfolios. The investment balance of each pension trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2015 *Comprehensive Annual Financial Report*.

Net Pension Liability: At June 30, 2016, the College reported a liability of $2,751,369.00 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The College's proportion of the net pension liability was based on the present value of future salaries for the College relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2015, the College's proportion was .07466%, which was a decrease of .00744 from its proportion measured as of June 30, 2014.

Actuarial Assumptions: The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation Date	12/31/2014
Inflation	3%
Salary Increases*	4.25% - 9.10%
Investment Rate of Return**	7.25%

* Salary increases include 3.5% inflation and productivity factor.
** Investment rate of return is net of pension plan investment expense, including inflation.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuations were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc Cost of Living Adjustment (COLA) amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.2%
Global Equity	5.8%
Real Estate	5.2%
Alternatives	9.8%
Credit	6.8%
Inflation Protection	3.4%

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount Rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Net Pension Liability (Asset)		
1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
$ 8,280,861.00	$ 2,751,369.00	$ (1,941,043.00)

Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions: For the year ended June 30, 2016, the College recognized pension expense of $234,205.00. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 0.00	$ 312,831.00
Changes of Assumptions		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		298,087.00
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	123,558.00	282,208.00
Contributions Subsequent to the Measurement Date	885,460.00	
Total	$ 1,009,018.00	$ 893,126.00

The amount of $885,460.00 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:

Year ended June 30:	Amount
2017	$ (392,134.00)
2018	(392,134.00)
2019	(390,127.00)
2020	404,827.00
Total	$ (769,568.00)

NOTE 13 - 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 (TSERS). 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 TSERS 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 5.60% of the covered payroll under TSERS to the Fund. Required contribution rates for the years ended June 30, 2015, and 2014, were 5.49% and 5.4%, respectively. The College made 100% of its annual required contributions to the Plan for the years ended June 30, 2016, 2015, and 2014, which were $541,920.87, $591,334.49, and $594,626.96, 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 on the North Carolina Office of the State Controller's website at http://www.osc.nc.gov/or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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 TSERS. 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, 2016, the College made a statutory contribution of .41% of covered payroll under TSERS to the DIPNC. Required contribution rates for the years ended June 30, 2015, and 2014, were .41% and .44%, respectively. The College made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2016, 2015, and 2014, which were $39,676.35, $44,161.59, and $48,451.09, 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 14 - 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.

A. Employee Benefit Plans

1. State Health Plan

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.

2. Death Benefit Plan of North Carolina

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.

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

Fire and other property losses are covered by contracts with private insurance companies. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

State-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina

Department of Insurance. The liability limits for losses are $1,000,000 per claim and $10,000,000 per occurrence. The College pays premiums to the North Carolina Department of Insurance for the coverage. Liability insurance for other College-owned vehicles is covered by contracts with private insurance companies.

2. Public Officers' and Employees' Liability Insurance

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.

3. Employee Dishonesty and Computer Fraud

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 $100,000 deductible. The College is protected for losses from employee dishonesty and computer fraud for employees paid by county and institutional funds by contracts with private insurance companies.

4. Statewide Workers' Compensation Program

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.

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.

5. Other Insurance Held by the College

The College purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance. Malpractice coverage for campus programs requiring coverage is provided by contracts with private insurance companies.

NOTE 15 - 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 $103,000.00 at June 30, 2016.

NOTE 16 - BLENDED COMPONENT UNIT

Condensed combining information for the College's blended component unit for the year ended June 30, 2016, is presented as follows:

Condensed Statement of Net Position
June 30, 2016

	Robeson Community College	Robeson Community College Services Corporation	Total
ASSETS			
Current Assets	$ 3,067,351.19	$ 0.00	$ 3,067,351.19
Capital Assets	23,305,111.53		23,305,111.53
Other Noncurrent Assets	263,924.19		263,924.19
Total Assets	26,636,386.91		26,636,386.91
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,009,018.00		1,009,018.00
LIABILITIES			
Current Liabilities	1,096,829.27		1,096,829.27
Noncurrent Liabilities	3,612,690.42		3,612,690.42
Total Liabilities	4,709,519.69		4,709,519.69
TOTAL DEFERRED INFLOWS OF RESOURCES	893,126.00		893,126.00
NET POSITION			
Net Investment in Capital Assets	23,202,111.53		23,202,111.53
Restricted - Expendable	1,259,955.82		1,259,955.82
Unrestricted	(2,419,308.13)		(2,419,308.13)
Total Net Position	$ 22,042,759.22	$ 0.00	$ 22,042,759.22

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Robeson Community College	Robeson Community College Services Corporation	Total
OPERATING REVENUES			
Student Tuition and Fees, Net	$ 1,012,099.10	$ 0.00	$ 1,012,099.10
Sales and Services, Net	263,859.10		263,859.10
Other, Net	82,262.17		82,262.17
Total Operating Revenues	1,358,220.37		1,358,220.37
OPERATING EXPENSES			
Operating Expenses	23,990,487.72	1,700.00	23,992,187.72
Depreciation	1,231,139.74		1,231,139.74
Total Operating Expenses	25,221,627.46	1,700.00	25,223,327.46
Operating Loss	(23,863,407.09)	(1,700.00)	(23,865,107.09)
NONOPERATING REVENUES (EXPENSES)			
State Aid	13,202,639.91		13,202,639.91
County Appropriations	2,300,000.00		2,300,000.00
Noncapital Grants - Student Financial Aid	5,737,054.39		5,737,054.39
Other Noncapital Grants	2,505,180.67		2,505,180.67
Investment Income	2,428.58	149.00	2,577.58
Other Nonoperating Revenue (Expenses)	(142,920.31)	146.00	(142,774.31)
Net Nonoperating Revenues	23,604,383.24	295.00	23,604,678.24
Capital Contributions	764,955.71		764,955.71
Transfer of Net Position to Robeson CC	128,195.00	(128,195.00)	
Increase (Decrease) in Net Position	634,126.86	(129,600.00)	504,526.86
NET POSITION			
Net Position, July 1, 2015	21,408,632.36	129,600.00	21,538,232.36
Net Position, June 30, 2016	$ 22,042,759.22	$ 0.00	$ 22,042,759.22

Condensed Statement of Cash Flows
June 30, 2016

	Robeson Community College	Robeson Community College Services Corporation	Total
Net Cash Used by Operating Activities	$ (23,479,454.44)	$ (1,405.00)	$ (23,480,859.44)
Net Cash Provided by Noncapital Financing Activities	23,611,347.58		23,611,347.58
Net Cash Provided by Capital and Related Financing Activities	159,435.66		159,435.66
Cash Provided (Used) by Investing Activities	130,772.58	(128,195.00)	2,577.58
Net Increase (Decrease) in Cash and Cash Equivalents	551,701.38	(129,600.00)	292,501.38
Cash and Cash Equivalents, July 1, 2015	2,112,368.10	129,600.00	2,241,968.10
Cash and Cash Equivalents, June 30, 2016	$ 2,534,469.48	$ 0.00	$ 2,534,469.48

NOTE 17 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2016, the College implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 72, *Fair Value Measurement and Application*

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

REQUIRED SUPPLEMENTARY INFORMATION

Robeson Community College
Required Supplementary Information
Schedule of the Proportionate Net Pension Liability
Teachers' and State Employees' Retirement System
Last Three Fiscal Years — *Exhibit C-1*

	2015	2014	2013
Proportionate Share Percentage of Collective Net Pension Liability	0.07466%	0.08210%	0.07850%
Proportionate Share of TSERS Collective Net Pension Liability	$ 2,751,369.00	$ 962,558.00	$ 4,765,750.00
Covered-Employee Payroll	$ 10,771,120.02	$ 11,011,610.36	$ 10,815,018.69
Net Pension Liability as a Percentage of Covered-Employee Payroll	25.54%	8.74%	44.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.64%	98.24%	90.60%

Robeson Community College
Required Supplementary Information
Schedule of College Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years *Exhibit C-2*

	2016	2015	2014	2013	2012
Contractually Required Contribution	$ 885,460.00	$ 985,557.48	$ 956,908.94	$ 900,891.34	$ 738,169.13
Contributions in Relation to the Contractually Determined Contribution	885,460.00	985,557.48	956,908.94	900,891.34	738,169.13
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered-Employee Payroll	$ 9,677,158.47	$ 10,771,120.02	$ 11,011,610.36	$ 10,815,018.69	$ 9,921,628.09
Contributions as a Percentage of Covered-Employee Payroll	9.15%	9.15%	8.69%	8.33%	7.44%

	2011	2010	2009	2008	2007
Contractually Required Contribution	$ 520,339.87	$ 375,787.56	$ 375,483.24	$ 333,133.20	$ 271,568.49
Contributions in Relation to the Contractually Determined Contribution	520,339.87	375,787.56	375,483.24	333,133.20	271,568.49
Contribution Deficiency (Excess)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Covered-Employee Payroll	$ 10,554,561.32	$ 10,526,264.58	$ 11,175,096.42	$ 10,922,399.87	$ 10,209,341.82
Contributions as a Percentage of Covered-Employee Payroll	4.93%	3.57%	3.36%	3.05%	2.66%

Robeson Community College
Notes to Required Supplementary Information
Schedule of College Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years

Changes of Benefit Terms:

Cost of Living Increase

2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006
1.00%	N/A	1.00%	N/A	N/A	N/A	2.20%	2.20%	3.00%	2.00%

Changes of assumptions. In 2008, and again in 2012, the rates of withdrawal, mortality, service retirement and salary increase for active members and the rates of mortality for beneficiaries were adjusted to more closely reflect actual experience. Assumptions for leave conversions and loads were also revised in 2012.

*Per the 2015 State of North Carolina *Comprehensive Annual Financial Report* , the 1.00% cost of living adjustment applies to retirees whose retirement began on or before July 1, 2013.

Independent Auditor's Report

STATE OF NORTH CAROLINA
Office of the State Auditor

Beth A. Wood, CPA
State Auditor

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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
Robeson Community College
Lumberton, 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 Robeson Community College (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, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 14, 2017. Our report includes a reference to other auditors who audited the financial statements of Robeson Community College Foundation, Inc. and Robeson Community College Services Corporation, as described in our report on the College's financial statements. The financial statements of Robeson Community College Foundation, Inc. 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 Robeson Community College Foundation, Inc.

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 opinions 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 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

March 14, 2017

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This audit required 388 audit hours at an approximate cost of $39,964.00.