

**Tennessee Board of Regents
Columbia State Community College**

**For the Years Ended
June 30, 2000, and June 30, 1999**

Arthur A. Hayes, Jr., CPA, JD, CFE

Director

Charles K. Bridges, CPA

Assistant Director

Debra D. Bloomingburg, CPA

Audit Manager

Blayne M. Clements

In-Charge Auditor

Ronald E. Crozier

Amy Hoffert

Temecha S. Jones

Brock Martin

Staff Auditors

Gerry Boaz, CPA

Technical Analyst

Amy Brack

Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

Financial/compliance audits of colleges and universities are available on-line at
www.comptroller.state.tn.us/sa/reports/index.html.
For more information about the Comptroller of the Treasury, please visit our Web site at
www.comptroller.state.tn.us.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

August 8, 2001

The Honorable Don Sundquist, Governor
and

Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and

The Honorable Charles W. Manning, Chancellor
Tennessee Board of Regents
1415 Murfreesboro Road, Suite 350
Nashville, Tennessee 37217
and

Dr. Rebecca Hawkins, President
Columbia State Community College
P.O. Box 1315
Columbia, Tennessee 38402-1315

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Tennessee Board of Regents, Columbia State Community College, for the years ended June 30, 2000, and June 30, 1999. You will note from the independent auditor's report that an unqualified opinion was given on the fairness of the presentation of the financial statements.

Consideration of internal control over financial reporting and tests of compliance disclosed a certain deficiency, which is detailed in the Results of the Audit section of this report. The college's administration has responded to the audit finding; the response is included following the finding. The Division of State Audit will follow up the audit to examine the application of the procedures instituted because of the audit finding.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/mb
01/041

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit
Columbia State Community College
For the Years Ended June 30, 2000, and June 30, 1999

AUDIT OBJECTIVES

The objectives of the audit were to consider the college's internal control over financial reporting; to determine compliance with certain provisions of laws, regulations, contracts, and grants; to determine the fairness of the presentation of the financial statements; and to recommend appropriate actions to correct any deficiencies.

COMPLIANCE FINDING

Financial Aid Refunds Were Not Promptly Returned

The college did not always return the federal financial aid portion of refunds to the lending institutions in a timely manner (page 6).

OPINION ON THE FINANCIAL STATEMENTS

The opinion on the financial statements is unqualified.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building
Nashville, TN 37243-0264
(615) 741-3697

Financial/compliance audits of colleges and universities are available on-line at
www.comptroller.state.tn.us/sa/reports/index.html.
For more information about the Comptroller of the Treasury, please visit our Web site at
www.comptroller.state.tn.us.

Audit Report
Tennessee Board of Regents
Columbia State Community College
For the Years Ended June 30, 2000, and June 30, 1999

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTION		1
Post-Audit Authority		1
Background		1
Organization		1
AUDIT SCOPE		2
OBJECTIVES OF THE AUDIT		2
PRIOR AUDIT FINDING		2
Resolved Audit Finding		2
RESULTS OF THE AUDIT		3
Audit Conclusions		3
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		4
Finding and Recommendation		6
• Financial aid refunds were not promptly returned		6
FINANCIAL SECTION		8
Independent Auditor's Report		8
Financial Statements		
Balance Sheets	A	10
Statement of Changes in Fund Balances for the Year Ended June 30, 2000	B	12

TABLE OF CONTENTS (CONT.)

	<u>Exhibit</u>	<u>Page</u>
Statement of Changes in Fund Balances for the Year Ended June 30, 1999	C	13
Statement of Current Funds Revenues, Expenditures, and Other Changes for the Year Ended June 30, 2000	D	14
Statement of Current Funds Revenues, Expenditures, and Other Changes for the Year Ended June 30, 1999	E	15
Notes to the Financial Statements		16

**Tennessee Board of Regents
Columbia State Community College
For the Years Ended June 30, 2000, and June 30, 1999**

INTRODUCTION

POST-AUDIT AUTHORITY

This is a report on the financial and compliance audit of the Tennessee Board of Regents, Columbia State Community College. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any state governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND

Columbia State Community College was approved by the State Board of Education as Tennessee’s first community college in 1965. The college was temporarily housed at facilities throughout Columbia until it moved in 1967 to its present location on 204 acres west of downtown Columbia.

The college presently offers the Associate of Science degree, the Associate of Arts degree, and the Associate of Applied Science degree. Also, the college provides technological, preprofessional, and continuing education programs.

ORGANIZATION

The governance of Columbia State Community College is vested in the Tennessee Board of Regents. The Governor, the Commissioner of Education, the Commissioner of Agriculture, and the Director of the Tennessee Higher Education Commission serve *ex officio* on this board. The chief administrative officer of the college is the president, who is assisted and advised by members of the faculty and administrative staff.

AUDIT SCOPE

The audit was limited to the period July 1, 1998, through June 30, 2000, and was conducted in accordance with government auditing standards generally accepted in the United States of America. Financial statements are presented for the years ended June 30, 2000, and June 30, 1999. Columbia State Community College is an institution of the Tennessee Board of Regents, which is an integral part of state government. As such, the Tennessee Board of Regents has been included as a component unit in the *Tennessee Comprehensive Annual Financial Report*.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to consider the college's internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements;
2. to determine compliance with certain provisions of laws, regulations, contracts, and grants;
3. to determine the fairness of the presentation of the financial statements; and
4. to recommend appropriate actions to correct any deficiencies.

PRIOR AUDIT FINDING

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The college filed its report with the Department of Audit on December 20, 1999. A follow-up of the prior audit finding was conducted as part of the current audit.

RESOLVED AUDIT FINDING

The current audit disclosed that the college has corrected the previous audit finding concerning the adequacy of equipment policies and procedures.

RESULTS OF THE AUDIT

AUDIT CONCLUSIONS

Internal Control

As part of the audit of the college's financial statements for the years ended June 30, 2000, and June 30, 1999, we considered internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by government auditing standards generally accepted in the United States of America.

Compliance

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. An immaterial instance of noncompliance, along with a recommendation and management's response, is included in the finding and recommendation section of this report.

Fairness of Financial Statement Presentation

The Division of State Audit has rendered an unqualified opinion on the college's financial statements.



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT**

**SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0264
PHONE (615) 741-3697
FAX (615) 532-2765**

**Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance With
*Government Auditing Standards***

March 9, 2001

The Honorable John G. Morgan
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the financial statements of Columbia State Community College, an institution of the Tennessee Board of Regents, which is a component unit of the State of Tennessee, as of and for the years ended June 30, 2000, and June 30, 1999, and have issued our report thereon dated March 9, 2001. We conducted our audit in accordance with government auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the college's financial statements are free of material misstatement, we performed tests of the college's compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

We did, however, note a certain immaterial instance of noncompliance that we have included in the Finding and Recommendation section of this report.

The Honorable John G. Morgan
March 9, 2001
Page Two

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the college's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the General Assembly of the State of Tennessee and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Sincerely,

A handwritten signature in black ink that reads "Arthur A. Hayes, Jr." with a stylized flourish at the end.

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/mb

FINDING AND RECOMMENDATION

Financial aid refunds were not promptly returned

Finding

The federal financial aid portion of refunds was not returned to the appropriate programs or lending institutions in a timely manner. The July 1, 1999, revision of the *Code of Federal Regulations*, Section 34, Part 668.22(h)(2)(iv), states:

The amount of the Title IV, HEA [Higher Education Act of 1965] program portion of the refund allocated to the Title IV, HEA programs other than the FWS, and FFEL [Federal Family Education Loan] programs must be returned to the appropriate program account or accounts by the institution within 30 days of the date that the student officially withdraws, is expelled, or the institution determines that a student has unofficially withdrawn.

For unofficial withdrawals, the institution has an additional 30 days to determine the last day of attendance and calculate the refund.

The Financial Aid Coordinator is responsible for calculating refunds when information is received concerning official and unofficial withdrawals. The coordinator then communicates the refund amounts to the Assistant Business Manager, who ensures that the refund is returned to the appropriate program or lending institution. This process is usually completed in a manner that ensures compliance with federal regulations. However, 4 of 12 refunds tested (33.3%) were not returned to the appropriate HEA program within the required time frame. The four refunds included two for students who unofficially withdrew during the fall 1998 semester, one for a student who unofficially withdrew during the spring 1999 semester, and one for a student who officially withdrew from the spring 2000 semester. The refunds for the unofficial withdrawals were made 2, 15, and 78 days late. The refund for the official withdrawal was made six days late.

Recommendation

The Financial Aid Director should ensure that the Financial Aid Coordinator calculates refunds and communicates the results to the Assistant Business Manager in a manner that allows the federal financial aid portion of refunds to be returned to the appropriate programs or lending institutions within the time frames specified by federal regulations.

Management's Comment

We concur with the finding and the recommendation regarding the requirement to calculate and process official withdrawals within 30 days of the student's withdrawal and unofficial withdrawals within the 60 day requirement.

Effective Spring 2001, we have shortened the process of determining the unofficial date of withdrawal by deleting notification of students before making the Title IV aid adjustment. This change will increase our ability to comply with the time frames specified by federal regulations.

To ensure and monitor timely compliance, these deadlines have been added to the Financial Aid Monthly Calendar.



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT**

**SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0264
PHONE (615) 741-3697
FAX (615) 532-2765**

Independent Auditor's Report

March 9, 2001

The Honorable John G. Morgan
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the accompanying balance sheets of Columbia State Community College, an institution of the Tennessee Board of Regents, which is a component unit of the State of Tennessee, as of June 30, 2000, and June 30, 1999, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the years then ended. These financial statements are the responsibility of the college's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with government auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee Board of Regents, Columbia State Community College, as of June 30, 2000, and June 30, 1999, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable John G. Morgan
March 9, 2001
Page Two

As discussed in Note 12, the college changed the threshold for capitalizing equipment.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2001, on our consideration of the college's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Sincerely,

A handwritten signature in black ink that reads "Arthur A. Hayes, Jr." The signature is written in a cursive style with a prominent initial "A" and a trailing flourish.

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/mb

TENNESSEE BOARD OF REGENTS
COLUMBIA STATE COMMUNITY COLLEGE
BALANCE SHEETS
JUNE 30, 2000, AND JUNE 30, 1999

<u>ASSETS</u>	<u>June 30, 2000</u>	<u>June 30, 1999</u>	<u>LIABILITIES AND FUND BALANCES</u>	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Current funds:			Current funds:		
Unrestricted:			Unrestricted:		
General:			General:		
Cash and cash equivalents (Notes 2 and 3)	\$ 2,223,652.95	\$ 1,526,258.50	Liabilities:		
Accounts receivable (net of allowance of \$59,626.95 at June 30, 2000, and \$36,275.13 at June 30, 1999)	119,649.05	111,063.57	Accounts payable	\$ 231,519.47	\$ 142,736.58
Inventories	464.65	304.47	Accrued liabilities	473,494.37	496,099.77
Prepaid expenses and deferred charges	2,676.43	2,114.42	Deferred revenue	522,604.50	512,609.45
Due from restricted current funds	134,900.00	155,200.00	Compensated absences	519,918.97	514,062.36
Other assets	2,902.45	2,244.65	Total liabilities	1,747,537.31	1,665,508.16
			Fund balances:		
			Nondiscretionary allocations:		
			Allocation for encumbrances	114,695.08	148,696.23
			Allocation for designated appropriations	41,428.01	4,875.48
			Discretionary allocations:		
			Allocation for compensated absences	(519,918.97)	(514,062.36)
			Allocation for subsequent budget	401,400.00	380,600.00
			Allocation for athletics	-	2,780.36
			Allocation for technology access fees	-	35,436.58
			Unallocated	699,104.10	73,351.16
			Total fund balances	736,708.22	131,677.45
Total general	2,484,245.53	1,797,185.61	Total general	2,484,245.53	1,797,185.61
Auxiliary enterprises:			Auxiliary enterprises:		
Cash and cash equivalents (Notes 2 and 3)	616,041.77	463,136.13	Liabilities:		
Accounts receivable	40,550.48	22,492.11	Accounts payable	9,146.94	3,690.42
Inventories	293,343.81	326,899.18	Compensated absences	16,433.32	14,367.57
			Total liabilities	25,580.26	18,057.99
			Fund balances:		
			Nondiscretionary allocations:		
			Allocation for working capital	334,644.29	350,091.29
			Allocation for encumbrance	4,612.79	-
			Discretionary allocations:		
			Allocation for contingencies	68,095.29	71,762.83
			Allocation for compensated absences	(16,433.32)	(14,367.57)
			Unallocated	533,436.75	386,982.88
			Total fund balances	924,355.80	794,469.43
Total auxiliary enterprises	949,936.06	812,527.42	Total auxiliary enterprises	949,936.06	812,527.42
Total unrestricted	3,434,181.59	2,609,713.03	Total unrestricted	3,434,181.59	2,609,713.03
Restricted:			Restricted:		
Cash and cash equivalents (Notes 2 and 3)	62.86	14,913.04	Liabilities:		
Accrued interest receivable	-	278.10	Accounts payable	141,099.15	171,128.84
Accounts and grants receivable	561,105.04	587,430.03	Compensated absences	97,950.70	93,701.38
			Due to unrestricted current funds	134,900.00	155,200.00
			Total liabilities	373,949.85	420,030.22
			Fund balance	187,218.05	182,590.95
Total restricted	561,167.90	602,621.17	Total restricted	561,167.90	602,621.17
Total current funds	\$ 3,995,349.49	\$ 3,212,334.20	Total current funds	\$ 3,995,349.49	\$ 3,212,334.20
Loan funds:			Loan funds:		
Cash and cash equivalents (Notes 2 and 3)	\$ 430.34	\$ 422.49	Fund balance:		
Notes receivable (net of allowance of \$9,307.00 at June 30, 2000, and \$9,370.00 at June 30, 1999)	4,940.17	4,940.17	U.S. government grants refundable	\$ 8,309.18	\$ 8,119.81
Accrued interest receivable (net of allowance of \$4,990.00 at June 30, 2000, and \$4,670.00 at June 30, 1999)	2,938.67	2,757.15			
Total loan funds	\$ 8,309.18	\$ 8,119.81	Total loan funds	\$ 8,309.18	\$ 8,119.81
Endowment and similar funds:			Endowment and similar funds:		
Investments (Note 4)	\$ -	\$ 12,786.08	Fund balance:		
			Endowment	\$ -	\$ 12,786.08
Total endowment and similar funds	\$ -	\$ 12,786.08	Total endowment and similar funds	\$ -	\$ 12,786.08

TENNESSEE BOARD OF REGENTS
COLUMBIA STATE COMMUNITY COLLEGE
BALANCE SHEETS
JUNE 30, 2000, AND JUNE 30, 1999

<u>ASSETS</u>	<u>June 30, 2000</u>	<u>June 30, 1999</u>	<u>LIABILITIES AND FUND BALANCES</u>	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Plant funds:			Plant funds:		
Unexpended plant:			Unexpended plant:		
Cash and cash equivalents (Notes 2 and 3)	\$ 535,648.25	\$ 203,849.28	Fund balance:		
Accounts receivable	<u>20,740.37</u>	<u>-</u>	Unrestricted (Note 5)	\$ <u>556,388.62</u>	\$ <u>203,849.28</u>
Total unexpended plant	<u>556,388.62</u>	<u>203,849.28</u>	Total unexpended plant	<u>556,388.62</u>	<u>203,849.28</u>
Renewals and replacements:			Renewals and replacements:		
Cash and cash equivalents (Notes 2 and 3)	<u>1,519,290.80</u>	<u>1,102,817.20</u>	Accounts payable	29,722.90	3,953.78
Total renewals and replacements	<u>1,519,290.80</u>	<u>1,102,817.20</u>	Fund balance:		
			Unrestricted (Note 5)	<u>1,489,567.90</u>	<u>1,098,863.42</u>
			Total renewals and replacements	<u>1,519,290.80</u>	<u>1,102,817.20</u>
Investment in plant:			Investment in plant:		
Land	830,695.23	830,695.23	Fund balance:		
Buildings	8,424,015.45	8,093,601.98	Net investment in plant	<u>18,829,311.68</u>	<u>18,210,816.65</u>
Improvements other than buildings	965,514.07	955,116.54	Total investment in plant	<u>18,829,311.68</u>	<u>18,210,816.65</u>
Equipment	1,389,401.29	3,695,055.44	Total plant funds	<u>\$ 20,904,991.10</u>	<u>\$ 19,517,483.13</u>
Library books	2,995,200.00	2,932,080.00			
Construction in progress	2,989,416.64	374,368.46	Agency funds:		
Other library holdings	<u>1,235,069.00</u>	<u>1,329,899.00</u>	Nonfoundation funds:		
Total investment in plant	<u>18,829,311.68</u>	<u>18,210,816.65</u>	Liabilities:		
Total plant funds	<u>\$ 20,904,991.10</u>	<u>\$ 19,517,483.13</u>	Accounts payable	\$ 13,482.84	\$ 968.89
Agency funds:			Deposits held in custody for others	<u>649,936.00</u>	<u>462,299.27</u>
Nonfoundation funds:			Total nonfoundation funds	<u>663,418.84</u>	<u>463,268.16</u>
Cash and cash equivalents (Notes 2 and 3)	\$ 663,418.84	\$ 460,940.17	Foundation funds:		
Accounts receivable	<u>-</u>	<u>2,327.99</u>	Liabilities:		
Total nonfoundation funds	<u>663,418.84</u>	<u>463,268.16</u>	Accounts payable	50,097.15	53,378.40
Foundation funds:			Deposits held in custody for others	<u>2,481,058.82</u>	<u>1,558,631.78</u>
Cash and cash equivalents (Notes 2 and 3)	782,399.45	670,776.61	Total foundation funds	<u>2,531,155.97</u>	<u>1,612,010.18</u>
Investments (Note 4)	1,734,896.83	941,015.52	Total agency funds	<u>\$ 3,194,574.81</u>	<u>\$ 2,075,278.34</u>
Accounts and notes receivable	13,079.60	-			
Accrued interest receivable	<u>780.09</u>	<u>218.05</u>			
Total foundation funds	<u>2,531,155.97</u>	<u>1,612,010.18</u>			
Total agency funds	<u>\$ 3,194,574.81</u>	<u>\$ 2,075,278.34</u>			

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

TENNESSEE BOARD OF REGENTS
COLUMBIA STATE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2000

	Current Funds				Plant Funds		
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewals and Replacements	Investment In Plant
REVENUES AND OTHER ADDITIONS							
Unrestricted current fund revenues	\$ 16,134,568.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auxiliary enterprise revenues	1,376,550.26	-	-	-	-	-	-
State appropriations	-	93,150.00	-	-	3,162,543.57	-	-
Federal grants and contracts	-	6,536,842.80	-	-	-	-	-
State grants and contracts	-	17,222.53	-	-	-	-	-
Private gifts, grants, and contracts	-	27,665.62	-	-	19,255.37	-	-
Investment income	-	457.62	7.85	-	12,188.44	76,005.04	-
Interest on loans receivable	-	-	501.52	-	-	-	-
Endowment income	-	297.27	-	-	-	-	-
Equipment use charges	-	-	-	-	-	225,700.00	-
Expended for plant facilities (including \$250,686.52 charged to current fund expenditures)	-	-	-	-	-	-	3,278,619.81
Other	-	67,785.50	-	-	-	-	-
Total revenues and other additions	17,511,118.99	6,743,421.34	509.37	-	3,193,987.38	301,705.04	3,278,619.81
EXPENDITURES AND OTHER DEDUCTIONS							
Educational and general expenditures	14,974,460.96	6,556,592.27	-	-	-	-	-
Auxiliary enterprise expenditures	1,227,164.87	-	-	-	-	-	-
Indirect costs recovered	-	166,311.44	-	-	-	-	-
Provision for doubtful accounts	-	-	320.00	-	-	-	-
Expended for plant facilities	-	-	-	-	2,984,500.51	43,432.78	-
Expended for noncapital items	-	-	-	-	237,024.53	62,066.80	-
Disposal of plant facilities	-	-	-	-	-	-	171,603.42
Library holding revaluation	-	-	-	-	-	-	215,072.06
Other	-	15,890.53	-	12,786.08	-	-	-
Total expenditures and other deductions	16,201,625.83	6,738,794.24	320.00	12,786.08	3,221,525.04	105,499.58	386,675.48
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)							
Nonmandatory:							
Unexpended plant	(380,077.00)	-	-	-	380,077.00	-	-
Renewals and replacements	(194,499.02)	-	-	-	-	194,499.02	-
Total transfers	(574,576.02)	-	-	-	380,077.00	194,499.02	-
Net increase (decrease) for the year	734,917.14	4,627.10	189.37	(12,786.08)	352,539.34	390,704.48	2,891,944.33
Fund balances at beginning of year	926,146.88	182,590.95	8,119.81	12,786.08	203,849.28	1,098,863.42	18,210,816.65
Cumulative effect of change in accounting principle (Note 12)	-	-	-	-	-	-	(2,273,449.30)
Fund balances at beginning of year as restated	926,146.88	182,590.95	8,119.81	12,786.08	203,849.28	1,098,863.42	15,937,367.35
Fund balances at end of year	\$ 1,661,064.02	\$ 187,218.05	\$ 8,309.18	\$ -	\$ 556,388.62	\$ 1,489,567.90	\$ 18,829,311.68

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

TENNESSEE BOARD OF REGENTS
COLUMBIA STATE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1999

	Current Funds			Endowment and Similar Funds	Plant Funds		
	Unrestricted	Restricted	Loan Funds		Unexpended	Renewals and Replacements	Investment In Plant
REVENUES AND OTHER ADDITIONS							
Unrestricted current fund revenues	\$ 15,322,643.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auxiliary enterprise revenues	1,435,256.51	-	-	-	-	-	-
State appropriations	-	92,825.00	-	-	424,639.39	-	-
Federal grants and contracts	-	6,222,926.65	-	-	-	-	-
State grants and contracts	-	14,253.35	-	-	4,696.00	-	-
Private gifts, grants, and contracts	-	41,241.49	-	-	-	-	-
Investment income	-	428.42	8.10	-	8,942.02	22,389.05	-
Interest on loans receivable	-	-	501.52	-	-	-	-
Endowment income	-	615.01	-	-	-	-	-
Equipment use charges	-	-	-	-	-	219,000.00	-
Expended for plant facilities (including \$645,338.56 charged to current fund expenditures)	-	-	-	-	-	-	1,122,214.70
Library holding revaluation	-	-	-	-	-	-	273,323.84
Other	-	29,602.05	-	-	-	-	-
Total revenues and other additions	16,757,900.24	6,401,891.97	509.62	-	438,277.41	241,389.05	1,395,538.54
EXPENDITURES AND OTHER DEDUCTIONS							
Educational and general expenditures	14,939,569.98	6,262,993.51	-	-	-	-	-
Auxiliary enterprise expenditures	1,257,518.15	-	-	-	-	-	-
Indirect costs recovered	-	140,074.64	-	-	-	-	-
Refunded to grantor	-	-	63.00	-	-	-	-
Provision for doubtful accounts	-	-	320.00	-	-	-	-
Expended for plant facilities	-	-	-	-	340,128.64	136,747.50	-
Expended for noncapital items	-	-	-	-	169,771.30	24,578.17	-
Disposal of plant facilities	-	-	-	-	-	-	1,884,784.59
Total expenditures and other deductions	16,197,088.13	6,403,068.15	383.00	-	509,899.94	161,325.67	1,884,784.59
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)							
Mandatory							
Loan fund matching grant	8.00	-	(8.00)	-	-	-	-
Nonmandatory:							
Unexpended plant	(45,000.00)	-	-	-	45,000.00	-	-
Renewals and replacements	(262,859.32)	-	-	-	-	262,859.32	-
Total transfers	(307,851.32)	-	(8.00)	-	45,000.00	262,859.32	-
Net increases (decreases) for the year	252,960.79	(1,176.18)	118.62	-	(26,622.53)	342,922.70	(489,246.05)
Fund balances at beginning of year (Note 13)	673,186.09	183,767.13	8,001.19	12,786.08	230,471.81	755,940.72	18,700,062.70
Fund balances at end of year	\$ 926,146.88	\$ 182,590.95	\$ 8,119.81	\$ 12,786.08	\$ 203,849.28	\$ 1,098,863.42	\$ 18,210,816.65

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

TENNESSEE BOARD OF REGENTS
COLUMBIA STATE COMMUNITY COLLEGE
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE YEAR ENDED JUNE 30, 2000

	Unrestricted	Restricted	Total
<u>REVENUES</u>			
Tuition and fees	\$ 4,911,812.98	\$ -	\$ 4,911,812.98
State appropriations	10,674,900.00	76,367.89	10,751,267.89
Federal grants and contracts	173,503.11	6,435,057.62	6,608,560.73
State grants and contracts	-	17,222.53	17,222.53
Private gifts, grants, and contracts	-	27,944.23	27,944.23
Sales and services of educational activities	33,412.79	-	33,412.79
Sales and services of auxiliary enterprises	1,376,550.26	-	1,376,550.26
Interest income	188,188.47	-	188,188.47
Other sources	152,751.38	-	152,751.38
Total current revenues	17,511,118.99	6,556,592.27	24,067,711.26
<u>EXPENDITURES AND TRANSFERS</u>			
Educational and general:			
Expenditures:			
Instruction	8,906,462.46	133,547.79	9,040,010.25
Public service	24,742.36	4,443,600.57	4,468,342.93
Academic support	1,013,792.06	14,055.14	1,027,847.20
Student services	1,378,272.92	47,650.25	1,425,923.17
Institutional support	2,036,773.90	5,762.39	2,042,536.29
Operation and maintenance of plant	1,476,439.66	1,956.90	1,478,396.56
Scholarships and fellowships	137,977.60	1,910,019.23	2,047,996.83
Total educational and general expenditures	14,974,460.96	6,556,592.27	21,531,053.23
Nonmandatory transfers:			
Unexpended plant funds	380,077.00	-	380,077.00
Renewals and replacements	175,000.00	-	175,000.00
Total educational and general expenditures and transfers	15,529,537.96	6,556,592.27	22,086,130.23
Auxiliary enterprises:			
Expenditures	1,227,164.87	-	1,227,164.87
Nonmandatory transfer:			
Renewals and replacements	19,499.02	-	19,499.02
Total auxiliary enterprises	1,246,663.89	-	1,246,663.89
Total expenditures and transfers	16,776,201.85	6,556,592.27	23,332,794.12
<u>OTHER TRANSFERS AND ADDITIONS</u>			
<u>(DEDUCTIONS)</u>			
Excess of restricted receipts over transfers to revenues	-	186,829.07	186,829.07
Indirect costs recovered	-	(166,311.44)	(166,311.44)
Other deductions	-	(15,890.53)	(15,890.53)
Net increases in fund balances	\$ 734,917.14	\$ 4,627.10	\$ 739,544.24

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

TENNESSEE BOARD OF REGENTS
COLUMBIA STATE COMMUNITY COLLEGE
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE YEAR ENDED JUNE 30, 1999

	Unrestricted	Restricted	Total
<u>REVENUES</u>			
Tuition and fees	\$ 4,764,751.26	\$ -	\$ 4,764,751.26
State appropriations	10,142,700.00	117,676.75	10,260,376.75
Federal grants and contracts	147,149.80	6,085,978.11	6,233,127.91
State grants and contracts	-	14,285.52	14,285.52
Private gifts, grants, and contracts	-	45,053.13	45,053.13
Sales and services of educational activities	30,873.01	-	30,873.01
Sales and services of auxiliary enterprises	1,435,256.51	-	1,435,256.51
Interest income	138,669.28	-	138,669.28
Other sources	98,500.38	-	98,500.38
Total current revenues	<u>16,757,900.24</u>	<u>6,262,993.51</u>	<u>23,020,893.75</u>
<u>EXPENDITURES AND TRANSFERS</u>			
Educational and general:			
Expenditures:			
Instruction	9,044,959.05	195,804.29	9,240,763.34
Public service	16,608.04	4,103,794.68	4,120,402.72
Academic support	1,014,559.70	4,888.16	1,019,447.86
Student services	1,404,853.19	26,909.98	1,431,763.17
Institutional support	1,918,186.58	1,859.81	1,920,046.39
Operation and maintenance of plant	1,406,188.16	12,281.97	1,418,470.13
Scholarships and fellowships	134,215.26	1,917,454.62	2,051,669.88
Total educational and general expenditures	<u>14,939,569.98</u>	<u>6,262,993.51</u>	<u>21,202,563.49</u>
Mandatory transfer:			
Loan fund matching grant	(8.00)	-	(8.00)
Nonmandatory transfers:			
Unexpended plant	45,000.00	-	45,000.00
Renewals and replacements	244,300.00	-	244,300.00
Total educational and general expenditures and transfer	<u>15,228,861.98</u>	<u>6,262,993.51</u>	<u>21,491,855.49</u>
Auxiliary enterprises:			
Expenditures	1,257,518.15	-	1,257,518.15
Nonmandatory transfer:			
Renewals and replacements	18,559.32	-	18,559.32
Total auxiliary enterprises	<u>1,276,077.47</u>	<u>-</u>	<u>1,276,077.47</u>
Total expenditures and transfers	<u>16,504,939.45</u>	<u>6,262,993.51</u>	<u>22,767,932.96</u>
<u>OTHER TRANSFERS AND ADDITIONS</u>			
<u>(DEDUCTIONS)</u>			
Excess of restricted receipts over transfers to revenues	-	138,898.46	138,898.46
Indirect costs recovered	-	(140,074.64)	(140,074.64)
Net increase (decrease) in fund balances	<u>\$ 252,960.79</u>	<u>\$ (1,176.18)</u>	<u>\$ 251,784.61</u>

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

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements
June 30, 2000, and June 30, 1999**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The college is a part of the State University and Community College System of Tennessee (Tennessee Board of Regents). This system is a component unit of the State of Tennessee because the state appoints a majority of the system's governing body and provides financial support; the system is discretely presented in the *Tennessee Comprehensive Annual Financial Report*.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The university uses the AICPA College Guide model for accounting and financial reporting.

Basis of Accounting

The financial statements have been prepared on the accrual basis, except that depreciation on plant assets is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the term is predominantly conducted. All restricted resources are recorded as additions to the fund balances of the appropriate fund groups. Restricted current resources are then recorded as revenues during the period in which they are expended. The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period, as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the funds are accounted for as (1) expenditures, for normal replacement of movable equipment and library holdings; (2) mandatory transfers, for required debt amortization and interest; and (3) nonmandatory transfers, for all other cases.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available, the college maintains accounts in accordance with the principles of fund

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

accounting. With this procedure, resources for various purposes are classified for accounting and reporting purposes into funds for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds with similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds which are allocated to specific purposes by the governing board. Externally restricted funds may be used only in accordance with the purposes established by the source of such funds and contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund that owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds. This income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds. All other unrestricted revenue is accounted for in the unrestricted current funds. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Current Funds

Unrestricted current funds consist of those funds over which the college retains full control for use in achieving its authorized institutional purposes. Auxiliary enterprises activities are included in unrestricted current funds and include the campus bookstore. Restricted current funds are externally restricted and may be used only in accordance with the purposes established by their source.

Loan Funds

Loan funds consist of resources made available for student loans.

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

Endowment and Similar Funds

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income be used.

Plant Funds

The plant funds group consists of (1) funds set aside for the acquisition of physical properties for institutional purposes; (2) funds set aside for the renewal and replacement of institutional properties; and (3) funds expended for, and thus invested in, institutional properties.

Agency Funds

In handling these funds, the college acts solely as an agent; consequently, transactions of these funds do not affect the college's operating statements.

Inventories

Inventories are valued at the lower of cost or market. Textbooks included in the inventory are recorded on a first-in, first-out basis. All other items are maintained on an average cost or first-in, first-out basis.

Compensated Absences

The college's employees accrue annual leave at varying rates, depending on length of service or classification. Some employees also earn compensatory time. The amount of these liabilities and their related benefits are recorded in the current funds. Since the liability is expected to be funded primarily from future unrestricted and restricted revenue sources, a related allocation has been made to the current fund balances so that these fund balances reflect current available funds.

Allocation for Working Capital

The unrestricted fund balance is allocated for the amount of working capital. "Working capital" is defined as the total of all petty cash, accounts receivable, inventories, and prepaid expenses in the unrestricted fund at the balance sheet date, except for student receivables credited to deferred revenue, accrued interest, and amounts due on federal letters of credit, less the accrued benefits on accrued faculty salaries.

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

Plant Assets

The physical plant and equipment are stated at cost at date of purchase or at fair value at date of donation. Library books are valued at \$48 per volume, and other library holdings are valued at various standardized values, which approximate current costs. Depreciation on the physical plant and equipment is not recorded.

In the case of service departments, the college charges renewal and replacement of plant assets to current expenditures; these charges are also reported as additions to funds for renewals and replacements.

Under a contract with the Tennessee Department of Labor and Workforce Development, the college is the administrative entity and grant recipient for the Job Training Partnership Act in service delivery area 11 of the State of Tennessee. The title to all the equipment purchased by the college under the provisions of the act resides with the U.S. Department of Labor. Therefore, this equipment is not included in the college's plant fund assets.

NOTE 2. CASH AND CASH EQUIVALENTS

In addition to demand deposits and petty cash on hand, this classification includes instruments which are readily convertible to known amounts of cash and which have original maturities of three months or less. At June 30, 2000, cash and cash equivalents consisted of \$182,382.26 in bank accounts, \$4,920.00 of petty cash on hand, \$6,016,715.18 in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, and \$136,927.82 in the Columbia State Community College Foundation mutual fund accounts. At June 30, 1999, cash and cash equivalents consisted of \$253,379.43 in bank accounts, \$4,870.00 of petty cash on hand, \$3,944,160.98 in the State of Tennessee Local Government Investment Pool, and \$240,703.01 in the Columbia State Community College Foundation mutual fund accounts.

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

NOTE 3. DEPOSITS

The bank balances of certain deposits including accrued interest as of the balance sheet dates were entirely insured or collateralized with securities held by the college's agent in the college's name.

The laws of the State of Tennessee require that collateral be pledged to secure all uninsured deposits. Tennessee Board of Regents policies require that the market value of collateral pledged equal 100% of the uninsured deposits at financial institutions participating in the collateral pool and 105% of the uninsured deposits at all other financial institutions.

The college's remaining deposits are in financial institutions which participate in the bank collateral pool administered by the State Treasurer. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

The college also has deposits in the Local Government Investment Pool (LGIP) administered by the State Treasurer. The LGIP is part of the Pooled Investment Fund. The fund's investment policy and custodial credit risk are presented in the *Tennessee Comprehensive Annual Financial Report*.

NOTE 4. INVESTMENTS

The college is authorized by statute to invest funds in accordance with Tennessee Board of Regents policies. Under the current policy, funds other than endowments may be invested only in obligations of the United States or its agencies backed by the full faith and credit of the United States; repurchase agreements for United States securities; certificates of deposit in banks and savings and loan associations; bankers' acceptances; commercial paper; money market mutual funds; and the State of Tennessee Local Government Investment Pool. The policy requires that investments of endowments in equity securities be limited to funds from private gifts or other sources external to the college and that endowment investments be prudently diversified. The Columbia State Community College Foundation is authorized to

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

invest funds in accordance with its board of directors' policies. All investments permitted to be reported at fair value under GASB Statement 31 are reported at fair value, including those with a maturity date of one year or less at the time of purchase. Certificates of deposit have been included with other deposits in Note 3 to determine the adequacy of collateral security pledged.

The college's/foundation's investments are categorized below to indicate the level of risk assumed by the college/foundation at year-end. Category 1 consists of insured or registered investments or investments for which the securities are held by the college/foundation or its agent in the college's/foundation's name. Category 2 consists of uninsured and unregistered investments for which the securities are held by the counterparty's/counterparties' trust department or agent in the college's/foundation's name. Category 3 consists of uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the college's/foundation's name.

<u>June 30, 2000</u>	<u>Fair Value</u>
Category 1:	
U.S. government securities	\$ 1,248,275.23
Corporate stocks	434,253.24
Categories 2 and 3:	-
Investments not susceptible to credit risk categorization:	
Mutual funds	137,296.18
Certificates of deposit classified as investments	52,000.00
Amount classified as cash equivalents	<u>(136,927.82)</u>
Total investments on the balance sheet	<u>\$ 1,734,896.83</u>

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

<u>June 30, 1999</u>	<u>Fair Value</u>
Category 1:	
U.S. government securities	\$ 849,834.53
Corporate stocks	41,180.99
Categories 2 and 3:	-
Investments not susceptible to credit risk categorization:	
Mutual funds	240,703.01
Certificates of deposit classified as investments	62,786.08
Amount classified as cash	<u>(240,703.01)</u>
Total investments on the balance sheet	<u>\$ 953,801.60</u>

NOTE 5. PLANT FUND ENCUMBRANCES

Plant fund encumbrances outstanding at June 30, 2000, amounted to \$8,200.00 for unexpended plant and \$3,975.35 for renewals and replacements. Plant fund encumbrances outstanding at June 30, 1999, amounted to \$33,350.00 for unexpended plant and \$41,143.05 for renewals and replacements.

NOTE 6. PENSION PLANS

A. Defined Benefit Plan

Tennessee Consolidated Retirement System

Plan Description - The college contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing, multiple-employer, defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and their beneficiaries. Title 8, Chapters 34-37, *Tennessee Code*

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

Annotated, establishes benefit provisions. State statutes are amended by the Tennessee General Assembly.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for SETHEEPP. That report may be obtained by writing to the Tennessee Department of the Treasury, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230, or by calling (615) 741-8202.

Funding Policy - Plan members are noncontributory. The college is required to contribute an actuarially determined rate. The current rate is 5.43% of annual covered payroll. Contribution requirements for the college are established and may be amended by the TCRS' Board of Trustees. The college's contributions to TCRS for the years ended June 30, 2000, 1999, and 1998, were \$353,184.46, \$353,037.61, and \$224,714.96. Contributions met the requirements for each year.

B. Defined Contribution Plans

Optional Retirement Plans (ORP)

Plan Description - The college contributes to three defined contribution plans: Teachers Insurance and Annuity Association—College Retirement Equities Fund (TIAA-CREF), Aetna Life Insurance and Annuity Company, and Variable Annuity Life Insurance Company (VALIC). These plans are administered by the Tennessee Department of the Treasury. Each plan provides retirement benefits to faculty and staff who are exempt from the overtime provisions of the Fair Labor Standards Act and who waive membership in the TCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Plan provisions are established by state statute in Title 8, Chapter 35, Part 4, *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly.

Funding Policy - Plan members are noncontributory. The college contributes an amount equal to 10% of the employee's base salary up to the social security wage base and 11% above the social security wage base. Contribution requirements are established and amended by state statute. The contribution made by the college to the plans was \$291,653.85 for the year ended June 30, 2000, and

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

\$281,750.68 for the year ended June 30, 1999. Contributions met the requirements for each year.

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS

The State of Tennessee administers a group health insurance program which provides post-employment health insurance benefits to eligible college retirees. This benefit is provided and administered by the State of Tennessee. The college assumes no liability for retiree health care programs. Information related to this plan is available at the statewide level in the *Tennessee Comprehensive Annual Financial Report*.

NOTE 8. OTHER ADDITIONS AND DEDUCTIONS

The following amounts are included as “other additions” and “other deductions” on the Statements of Changes in Fund Balances:

	<u>Year Ended June 30, 2000</u>	<u>Year Ended June 30, 1999</u>
Other Additions:		
Restricted		
Addition to JTPA unemployment reserve	\$35,056.45	\$29,602.05
JTPA grant closeout costs	\$32,729.05	-
Other Deductions:		
Restricted		
Transfer Finney/Porter scholarship to the foundation	\$15,890.53	-
Endowment		
Transfer Finney/Porter endowment to the foundation	\$12,786.08	-

NOTE 9. INSURANCE-RELATED ACTIVITIES

The state purchases commercial insurance for real property losses above \$5 million per year and surety bond coverage on the state’s officials and employees. During the year ended June 30, 1999, the state incurred losses in Clarksville and Jackson due to

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

damage from tornadoes. Final settlement has not been made, but the state is expected to receive approximately \$6 million. Of this amount, \$2.5 million has been received to date. No additional claims have been filed with the commercial insurer during the year ended June 30, 2000. In the prior two fiscal years, the state had not had any claims filed with the commercial insurer. A designation for casualty losses in the amount of \$7.256 million at June 30, 2000, and \$8.219 million at June 30, 1999, was established in the state's general fund to provide for any property losses not covered by the commercial insurance.

At June 30, 2000, the scheduled coverage for the college was \$31,861,700 for buildings and \$10,732,000 for contents. At June 30, 1999, the scheduled coverage was \$25,281,800 for buildings and \$10,349,000 for contents.

The state has set aside assets for claim settlement in an internal service fund, the Claims Award Fund. This fund services all claims for risk of loss to which the state is exposed, including general liability, automobile liability, professional malpractice, and workers' compensation. The college participates in the Claims Award Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the college based on a percentage of the college's expected loss costs, which include both experience and exposures. This charge considers recent trends in actual claims experience of the state as a whole. An actuarial valuation is performed as of fiscal year-end to determine the fund liability and premium allocation. Since the college participates in the Claims Award Fund, it is subject to the liability limitations under the provisions of the Tennessee Claims Commission Act, *Tennessee Code Annotated*, Section 9-8-101 et seq. Liability for negligence of the college for bodily injury and property damage is limited to \$300,000 per person and \$1,000,000 per occurrence. The limits of liability under workers' compensation are set forth in *Tennessee Code Annotated*, Section 50-6-101 et seq. Claims are paid through the state's Claims Award Fund.

The state has also set aside assets in the Employee Group Insurance Fund, an internal service fund, to provide a program of health insurance coverage for the employees of the state with the risk retained by the state. The college participates in the Employee Group Insurance Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the college based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Employees and providers have 13 months to file medical claims.

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

NOTE 10. COMMITMENTS AND CONTINGENCIES

Sick Leave - The college records the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee dies or is absent because of illness, injury, or related family death, there is no liability for sick leave at June 30. The dollar amount of unused sick leave was \$3,155,003.47 at June 30, 2000, and \$3,248,925.95 at June 30, 1999.

Operating Leases - The college has entered into various operating leases for buildings and equipment. Such leases will probably continue to be required. Expenditures under operating leases for real property were \$237,196.06 for the year ended June 30, 2000. The amount for the year ended June 30, 1999, was \$158,464.72. All operating leases are cancelable at the lessee's option.

Construction in Progress - At June 30, 2000, outstanding commitments under construction contracts totaled \$4,130,482.97 for the Humanities Building, of which \$4,130,482.97 will be funded by future state capital outlay appropriations.

Litigation - The college is involved in several lawsuits, none of which are expected to have a material effect on the accompanying financial statements.

NOTE 11. PLEDGES

At June 30, 2000, unrecorded pledges totaled \$799,454.00 and were restricted to Foundation uses. These pledges are due to be collected over the next five fiscal years in the amounts of \$208,772, \$203,801, \$189,720, \$180,435, and \$16,726. It is not practicable to estimate the net realizable value of such pledges; therefore, they are not reflected in the accompanying financial statements.

NOTE 12. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2000, the threshold for capitalizing equipment increased from \$1,000 to \$5,000. As a result of the change, equipment decreased by \$2,273,449.30.

**Tennessee Board of Regents
Columbia State Community College
Notes to the Financial Statements (Cont.)
June 30, 2000, and June 30, 1999**

NOTE 13. PRIOR-YEAR RESTATEMENT

The college capitalized expenditures for a chiller system that were previously expensed. As a result, the beginning fund balance for investment in plant funds on Exhibit C was increased by \$23,262.40.