

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

**For the Years Ended  
June 30, 1996, and June 30, 1995**

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Technical Officer

**Leslie Bethea**  
Editor

August 25, 1997

The Honorable Don Sundquist, Governor  
and

Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

and

The Honorable Charles E. Smith, 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, 1996, and June 30, 1995. You will note from the independent auditor's report that a qualified opinion was given on the fairness of the presentation of the financial statements. The college has elected not to record the liability for accrued compensated absences in its financial statements. In our opinion, accrued compensated absences should be recorded to conform with generally accepted accounting principles.

Consideration of the internal control structure and tests of compliance resulted in no audit findings.

Very truly yours,

W. R. Snodgrass  
Comptroller of the Treasury

WRS/cr  
97/059

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, 1996, and June 30, 1995

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## AUDIT OBJECTIVES

The objectives of the audit were to consider the college's internal control structure; to determine compliance with 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.

## AUDIT FINDINGS

The audit report contains no findings.

## OPINION ON THE FINANCIAL STATEMENTS

The opinion on the financial statements is qualified because of the omission of the liability for accrued compensated absences from the financial statements.

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"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

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**Audit Report**  
**Tennessee Board of Regents**  
**Columbia State Community College**  
**For the Years Ended June 30, 1996, and June 30, 1995**

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**Tennessee Board of Regents  
Columbia State Community College  
For the Years Ended June 30, 1996, and June 30, 1995**

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**INTRODUCTION**

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**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.

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## AUDIT SCOPE

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The audit was limited to the period July 1, 1994, through June 30, 1996, and was conducted in accordance with generally accepted government auditing standards. Financial statements are presented for the years ended June 30, 1996, and June 30, 1995. 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*.

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## OBJECTIVES OF THE AUDIT

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The objectives of the audit were

1. to consider the college's internal control structure to determine auditing procedures for the purpose of expressing an opinion on the financial statements;
  2. to determine compliance with 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.
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## PRIOR AUDIT FINDINGS

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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 March 1, 1996. A follow-up of all prior audit findings was conducted as part of the current audit.

The current audit disclosed that the college has corrected previous audit findings concerning cash and grants management procedures and the monitoring of the adequacy of collateral securities.

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## RESULTS OF THE AUDIT

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### AUDIT CONCLUSIONS

#### Internal Control Structure

As part of the audit of the college's financial statements for the years ended June 30, 1996, and June 30, 1995, we considered the internal control structure to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by generally accepted government auditing standards. The report on the internal control structure is on the following pages. Consideration of the internal control structure disclosed no material weaknesses.

#### Compliance with Laws and Regulations

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under generally accepted government auditing standards. The compliance report follows the report on the internal control structure.

#### Fairness of Financial Statement Presentation

The college has elected not to accrue the liability for compensated absences. Since this accounting practice is contrary to generally accepted accounting principles, the Division of State Audit has rendered a qualified opinion on the college's financial statements. The independent auditor's report follows the compliance report.

**Report on the Internal Control Structure Based on an  
Audit of the Financial Statements Performed in Accordance With  
*Government Auditing Standards***

April 30, 1997

The Honorable W. R. Snodgrass  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

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, 1996, and June 30, 1995, and have issued our report thereon dated April 30, 1997. Our report was qualified because the college excluded the liability for accrued compensated absences from the balance sheets.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The college's management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may

The Honorable W. R. Snodgrass  
April 30, 1997  
Page Two

become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the college's financial statements for the years ended June 30, 1996, and June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the college's management in a separate letter.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

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

AAH/cr

**Compliance Report Based on an Audit of the  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

April 30, 1997

The Honorable W. R. Snodgrass  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

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, 1996, and June 30, 1995, and have issued our report thereon dated April 30, 1997. Our report was qualified because the college excluded the liability for accrued compensated absences from the balance sheets.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the college is the responsibility of the college's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the college's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under generally accepted government auditing standards. We did, however, note

The Honorable W. R. Snodgrass  
April 30, 1997  
Page Two

certain less significant instances of noncompliance that we have reported to the college's management in a separate letter.

This report is intended for the information of the General Assembly of the State of Tennessee and management. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

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

AAH/cr

## **Independent Auditor's Report**

April 30, 1997

The Honorable W. R. Snodgrass  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

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, 1996, and June 30, 1995, 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 generally accepted government auditing standards. 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.

As described in Note 2 to the financial statements, the college has excluded the liability for accrued compensated absences from the accompanying balance sheets. In our opinion, accrued compensated absences should be included to conform with generally accepted accounting principles.

In our opinion, except for the effects of not including the liability for accrued compensated absences in the accompanying balance sheets, as discussed in the preceding paragraph, the

The Honorable W. R. Snodgrass  
April 30, 1997  
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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, 1996, and June 30, 1995, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the years then ended in conformity with generally accepted accounting principles.

In accordance with generally accepted government auditing standards, we have also issued reports dated April 30, 1997, on our consideration of the college's internal control structure and on its compliance with laws and regulations.

Sincerely,

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

AAH/cr

TENNESSEE BOARD OF REGENTS  
COLUMBIA STATE COMMUNITY COLLEGE  
BALANCE SHEETS  
JUNE 30, 1996, AND JUNE 30, 1995

	June 30, 1996	June 30, 1995		June 30, 1996	June 30, 1995
<b>ASSETS</b>			<b>LIABILITIES AND FUND BALANCES</b>		
Current funds:			Current funds:		
Unrestricted:			Unrestricted:		
General:			General:		
Cash (Notes 3 and 4)	\$ 1,014,934.93	\$ 893,118.60	Liabilities:		
Accounts receivable (net of allowance of \$4,987.21 at June 30, 1996, and \$4,393.68 at June 30, 1995)	35,033.66	30,325.14	Accounts payable	\$ 93,493.29	\$ 95,269.77
Inventories	18,754.32	22,943.39	Deferred revenue	282,792.72	241,374.00
Prepaid expenses	8,396.21	583.69	Accrued liabilities	463,176.00	466,308.24
Other assets	1,443.28	1,514.26	Total liabilities	839,462.01	802,952.01
Due from restricted current funds	43,300.00	139,300.00	Fund balances:		
			Nondiscretionary allocations:		
			Allocation for encumbrances	21,537.89	24,041.67
			Allocation for designated appropriations	2,200.00	-
			Discretionary allocations:		
			Allocation for subsequent budget	246,200.00	238,200.00
			Allocation for athletics	2,503.36	2,556.10
			Unallocated	9,959.14	20,035.30
			Total fund balances	282,400.39	284,833.07
Total general	1,121,862.40	1,087,785.08	Total general	1,121,862.40	1,087,785.08
Auxiliary enterprises:			Auxiliary enterprises:		
Cash (Notes 3 and 4)	268,505.32	241,494.14	Liabilities:		
Accounts receivable	37,821.45	40,097.81	Accounts payable	645.59	1,193.91
Inventories	200,877.56	192,491.57	Fund balances:		
			Nondiscretionary allocation:		
			Allocation for working capital	239,399.01	233,289.38
			Discretionary allocation:		
			Allocation for contingencies	51,895.61	46,504.17
			Unallocated	215,264.12	193,096.06
			Total fund balances	506,558.74	472,889.61
Total auxiliary enterprises	507,204.33	474,083.52	Total auxiliary enterprises	507,204.33	474,083.52
Total unrestricted	1,629,066.73	1,561,868.60	Total unrestricted	1,629,066.73	1,561,868.60
Restricted:			Restricted:		
Cash (Notes 3 and 4)	11,850.22	11,736.65	Liabilities:		
Accrued interest receivable	330.45	-	Accounts payable	65,114.47	298,199.85
Accounts and grants receivable	439,627.30	538,536.21	Due to unrestricted current funds	43,300.00	139,300.00
			Total liabilities	108,414.47	437,499.85
			Fund balances	343,393.50	112,773.01
Total restricted	451,807.97	550,272.86	Total restricted	451,807.97	550,272.86
Total current funds	\$ 2,080,874.70	\$ 2,112,141.46	Total current funds	\$ 2,080,874.70	\$ 2,112,141.46
Loan funds:			Loan funds:		
Cash (Notes 3 and 4)	\$ 408.56	\$ 537.30	Fund balances:		
Notes receivable (net of allowance of \$10,270.00 at June 30, 1996, and \$10,310.00 at June 30, 1995)	5,541.14	5,680.82	U.S. government grants refundable	\$ 7,549.75	\$ 7,638.87
Accrued interest receivable (net of allowance of \$4,090.00 at June 30, 1996, and \$3,720.00 at June 30, 1995)	2,438.91	2,269.51	Institutional funds:		
			Restricted - matching	838.86	848.76
Total loan funds	\$ 8,388.61	\$ 8,487.63	Total loan funds	\$ 8,388.61	\$ 8,487.63
Endowment and similar funds:			Endowment and similar funds:		
Investments (Note 5)	\$ 12,786.08	\$ 12,786.08	Fund balance:		
			Endowment	\$ 12,786.08	\$ 12,786.08
Total endowment and similar funds	\$ 12,786.08	\$ 12,786.08	Total endowment and similar funds	\$ 12,786.08	\$ 12,786.08
Plant funds:			Plant funds:		
Unexpended plant:			Unexpended plant:		
Cash (Notes 3 and 4)	\$ 147,703.48	\$ 260,798.14	Liabilities:		
Accounts receivable	30,590.44	30,304.00	Accounts payable	\$ 15,391.62	\$ -
LGIP deposit - capital projects	40,663.67	-	Fund balance:		
			Unrestricted (Note 6)	203,565.97	291,102.14
Total unexpended plant	218,957.59	291,102.14	Total unexpended plant	218,957.59	291,102.14

TENNESSEE BOARD OF REGENTS  
COLUMBIA STATE COMMUNITY COLLEGE  
BALANCE SHEETS  
JUNE 30, 1996, AND JUNE 30, 1995

	June 30, 1996	June 30, 1995		June 30, 1996	June 30, 1995
<b>ASSETS</b>			<b>LIABILITIES AND FUND BALANCES</b>		
Renewals and replacements:			Renewals and replacements:		
Cash (Notes 3 and 4)	<u>810,673.55</u>	<u>893,337.18</u>	Liabilities:		
			Accounts payable	<u>59,866.55</u>	<u>31,192.95</u>
			Fund balance:		
			Unrestricted (Note 6)	<u>750,807.00</u>	<u>862,144.23</u>
Total renewals and replacements	<u>810,673.55</u>	<u>893,337.18</u>	Total renewals and replacements	<u>810,673.55</u>	<u>893,337.18</u>
Investment in plant			Investment in plant:		
Land	830,695.23	830,695.23	Fund balance:		
Buildings	8,060,696.93	8,049,125.75	Net investment in plant	<u>16,708,304.91</u>	<u>16,126,254.69</u>
Improvements other than buildings	717,239.56	504,143.60			
Equipment	4,966,443.19	4,698,358.11			
Library holdings	<u>2,133,230.00</u>	<u>2,043,932.00</u>			
Total investment in plant	<u>16,708,304.91</u>	<u>16,126,254.69</u>	Total investment in plant	<u>16,708,304.91</u>	<u>16,126,254.69</u>
Total plant funds	<u>\$ 17,737,936.05</u>	<u>\$ 17,310,694.01</u>	Total plant funds	<u>\$ 17,737,936.05</u>	<u>\$ 17,310,694.01</u>
Agency funds:			Agency funds:		
Nonfoundation funds:			Nonfoundation funds:		
Cash (Notes 3 and 4)	\$ 469,529.91	\$ 401,263.97	Accounts payable	\$ 8,555.92	\$ 7,515.35
Accounts and notes receivable	<u>29.00</u>	<u>3,291.19</u>	Deposits held in custody for others	<u>461,002.99</u>	<u>397,039.81</u>
Total nonfoundation funds	<u>469,558.91</u>	<u>404,555.16</u>	Total nonfoundation funds	<u>469,558.91</u>	<u>404,555.16</u>
Foundation funds:			Foundation funds:		
Cash (Notes 3 and 4)	183,867.85	192,231.07	Accounts payable	15,281.91	-
Investments (Note 5)	700,125.78	616,231.25	Deposits held in custody for foundation	<u>875,560.58</u>	<u>808,462.32</u>
Accounts and notes receivable	<u>6,848.86</u>	<u>-</u>			
Total foundation funds	<u>890,842.49</u>	<u>808,462.32</u>	Total foundation funds	<u>890,842.49</u>	<u>808,462.32</u>
Total agency funds	<u>\$ 1,360,401.40</u>	<u>\$ 1,213,017.48</u>	Total agency funds	<u>\$ 1,360,401.40</u>	<u>\$ 1,213,017.48</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, 1996

	Current Funds				Plant Funds		
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewals and Replacements	Investment In Plant
<b>REVENUES AND OTHER ADDITIONS</b>							
Unrestricted current fund revenues	\$ 11,927,795.58	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auxiliary enterprise revenues	1,037,912.26	-	-	-	-	-	-
Federal appropriations	-	142,500.00	-	-	-	-	-
State appropriations	-	92,300.00	-	-	281,020.75	-	-
Federal grants and contracts	-	3,568,537.56	-	-	-	-	-
State grants and contracts	-	125,136.78	-	-	-	-	-
Private gifts, grants, and contracts	-	49,971.74	-	-	48,417.34	-	-
Investment income	-	341.45	8.26	-	12,944.48	43,663.51	-
Interest on loans receivable	-	-	559.72	-	-	-	-
Endowment income	-	685.38	-	-	-	-	-
Expended for plant facilities (including \$278,085.56 charged to current fund expenditures)	-	-	-	-	-	-	777,232.53
Equipment use charges	-	-	-	-	-	113,500.00	-
Other additions (Note 9)	-	20,108.68	-	-	-	-	-
<b>Total revenues and other additions</b>	<b>12,965,707.84</b>	<b>3,999,581.59</b>	<b>567.98</b>	<b>-</b>	<b>342,382.57</b>	<b>157,163.51</b>	<b>777,232.53</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>							
Educational and general expenditures	11,985,060.26	3,669,469.94	-	-	-	-	-
Auxiliary enterprise expenditures	913,903.47	-	-	-	-	-	-
Indirect costs recovered	-	93,496.03	-	-	-	-	-
Refunded to grantors	-	5,995.13	285.00	-	-	-	-
Expended for plant facilities	-	-	-	-	225,745.77	273,401.20	-
Expended for noncapital items	-	-	-	-	226,172.97	8,639.20	-
Disposal of plant facilities	-	-	-	-	-	-	188,591.23
Library holdings revaluation	-	-	-	-	-	-	6,591.08
Provision for doubtful accounts	-	-	350.00	-	-	-	-
<b>Total expenditures and other deductions</b>	<b>12,898,963.73</b>	<b>3,768,961.10</b>	<b>635.00</b>	<b>-</b>	<b>451,918.74</b>	<b>282,040.40</b>	<b>195,182.31</b>

TENNESSEE BOARD OF REGENTS  
 COLUMBIA STATE COMMUNITY COLLEGE  
 STATEMENT OF CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 1996

	<u>Current Funds</u>				<u>Plant Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>	<u>Endowment and Similar Funds</u>	<u>Unexpended</u>	<u>Renewals and Replacements</u>	<u>Investment In Plant</u>
<u>TRANSFERS AMONG FUNDS - ADDITIONS</u>							
<u>(DEDUCTIONS)</u>							
Nonmandatory:							
Unrestricted current funds	32.00	-	(32.00)	-	-	-	-
Unexpended plant	(22,000.00)	-	-	-	22,000.00	-	-
Renewals and replacements	(13,539.66)	-	-	-	-	13,539.66	-
Total transfers	<u>(35,507.66)</u>	<u>-</u>	<u>(32.00)</u>	<u>-</u>	<u>22,000.00</u>	<u>13,539.66</u>	<u>-</u>
Net increase (decrease) for the year	<u>31,236.45</u>	<u>230,620.49</u>	<u>(99.02)</u>	<u>-</u>	<u>(87,536.17)</u>	<u>(111,337.23)</u>	<u>582,050.22</u>
Fund balances at beginning of year	<u>757,722.68</u>	<u>112,773.01</u>	<u>8,487.63</u>	<u>12,786.08</u>	<u>291,102.14</u>	<u>862,144.23</u>	<u>16,126,254.69</u>
Fund balances at end of year	<u>\$ 788,959.13</u>	<u>\$ 343,393.50</u>	<u>\$ 8,388.61</u>	<u>\$ 12,786.08</u>	<u>\$ 203,565.97</u>	<u>\$ 750,807.00</u>	<u>\$ 16,708,304.91</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, 1995

	Current Funds				Plant Funds			
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewals and Replacements	Retirement Of Indebtedness	Investment In Plant
<b>REVENUES AND OTHER ADDITIONS</b>								
Unrestricted current fund revenues	\$ 11,369,807.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auxiliary enterprise revenues	930,083.31	-	-	-	-	-	-	-
State appropriations	-	91,400.00	-	-	27,224.27	-	-	-
Federal grants and contracts	-	4,039,942.25	-	-	4,675.00	-	-	-
State grants and contracts	-	187,847.91	-	-	-	-	-	-
Local grants and contracts	-	-	-	-	-	-	-	2,326,000.00
Private gifts, grants, and contracts	-	68,732.32	-	-	-	-	-	-
Investment income	-	295.50	10.73	-	14,231.37	48,833.47	-	-
Interest on loans receivable	-	-	639.47	-	-	-	-	-
Endowment income	-	511.44	-	-	-	-	-	-
Expended for plant facilities (including \$498,133.57 charged to current fund expenditures)	-	-	-	-	-	-	-	812,198.51
Equipment use charges	-	-	-	-	-	128,000.00	-	-
Other additions	-	1,746.02	-	-	-	-	-	-
<b>Total revenues and other additions</b>	<b>12,299,890.41</b>	<b>4,390,475.44</b>	<b>650.20</b>	<b>-</b>	<b>46,130.64</b>	<b>176,833.47</b>	<b>-</b>	<b>3,138,198.51</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>								
Educational and general expenditures	11,832,049.42	4,387,003.97	-	-	-	-	-	-
Auxiliary enterprise expenditures	833,088.14	-	-	-	-	-	-	-
Indirect costs recovered	-	102,627.35	-	-	-	-	-	-
Refunded to grantors	-	35,001.45	227.00	-	-	-	-	-
Expended for plant facilities	-	-	-	-	41,635.44	272,429.50	-	-
Expended for noncapital items	-	-	-	-	105,944.21	29,896.39	-	-
Disposal of plant facilities	-	-	-	-	-	-	-	7,280.60
Library holdings revaluation	-	-	-	-	-	-	-	54,158.66
Provision for doubtful accounts	-	-	370.00	-	-	-	-	-
<b>Total expenditures and other deductions</b>	<b>12,665,137.56</b>	<b>4,524,632.77</b>	<b>597.00</b>	<b>-</b>	<b>147,579.65</b>	<b>302,325.89</b>	<b>-</b>	<b>61,439.26</b>
<b>TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)</b>								
Nonmandatory:								
Unrestricted current funds	25.00	-	(25.00)	-	-	-	-	-
Unexpended plant funds	-	-	-	-	150.48	-	(150.48)	-
Renewals and replacements	(12,117.46)	-	-	-	-	12,117.46	-	-
<b>Total transfers</b>	<b>(12,092.46)</b>	<b>-</b>	<b>(25.00)</b>	<b>-</b>	<b>150.48</b>	<b>12,117.46</b>	<b>(150.48)</b>	<b>-</b>
<b>Net increase (decrease) for the year</b>	<b>(377,339.61)</b>	<b>(134,157.33)</b>	<b>28.20</b>	<b>-</b>	<b>(101,298.53)</b>	<b>(113,374.96)</b>	<b>(150.48)</b>	<b>3,076,759.25</b>
Fund balances at beginning of year	1,135,062.29	246,930.34	8,459.43	12,786.08	392,400.67	975,519.19	150.48	13,049,495.44
<b>Fund balances at end of year</b>	<b>\$ 757,722.68</b>	<b>\$ 112,773.01</b>	<b>\$ 8,487.63</b>	<b>\$ 12,786.08</b>	<b>\$ 291,102.14</b>	<b>\$ 862,144.23</b>	<b>\$ -</b>	<b>\$ 16,126,254.69</b>

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, 1996

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b>REVENUES</b>			
Tuition and fees	\$ 3,174,235.36	\$ -	\$ 3,174,235.36
State appropriations	8,361,200.00	92,764.22	8,453,964.22
Federal grants and contracts	98,169.03	3,384,351.84	3,482,520.87
State grants and contracts	-	116,382.70	116,382.70
Private gifts, grants, and contracts	-	75,971.18	75,971.18
Sales and services of educational activities	143,857.48	-	143,857.48
Sales and services of auxiliary enterprises	1,037,912.26	-	1,037,912.26
Interest income	105,293.23	-	105,293.23
Other sources	45,040.48	-	45,040.48
Total current revenues	<u>12,965,707.84</u>	<u>3,669,469.94</u>	<u>16,635,177.78</u>
<b>EXPENDITURES AND TRANSFERS</b>			
Educational and general expenditures:			
Instruction	6,435,270.79	203,486.29	6,638,757.08
Public service	7,696.68	2,139,537.87	2,147,234.55
Academic support	1,581,010.50	127,331.05	1,708,341.55
Student services	1,237,348.61	55,034.16	1,292,382.77
Institutional support	1,461,160.66	5,101.35	1,466,262.01
Operation and maintenance of plant	1,127,804.20	-	1,127,804.20
Scholarships and fellowships	134,768.82	1,138,979.22	1,273,748.04
Total educational and general expenditures	<u>11,985,060.26</u>	<u>3,669,469.94</u>	<u>15,654,530.20</u>
Nonmandatory transfers:			
Loan fund matching grant	(32.00)	-	(32.00)
Unexpended plant	22,000.00	-	22,000.00
Total educational and general expenditures and transfers	<u>12,007,028.26</u>	<u>3,669,469.94</u>	<u>15,676,498.20</u>
Auxiliary enterprises:			
Expenditures	913,903.47	-	913,903.47
Nonmandatory transfers:			
Renewals and replacements	13,539.66	-	13,539.66
Total auxiliary enterprises	<u>927,443.13</u>	<u>-</u>	<u>927,443.13</u>
Total expenditures and transfers	<u>12,934,471.39</u>	<u>3,669,469.94</u>	<u>16,603,941.33</u>
<b>OTHER TRANSFERS AND ADDITIONS</b>			
<b>(DEDUCTIONS)</b>			
Excess of restricted receipts over transfers to revenues	-	330,111.65	330,111.65
Indirect costs recovered	-	(93,496.03)	(93,496.03)
Refunded to grantors	-	(5,995.13)	(5,995.13)
Net increase in fund balances	<u>\$ 31,236.45</u>	<u>\$ 230,620.49</u>	<u>\$ 261,856.94</u>

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, 1995

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b>REVENUES</b>			
Tuition and fees	\$ 2,832,806.81	\$ -	\$ 2,832,806.81
State appropriations	8,149,800.00	118,733.88	8,268,533.88
Federal grants and contracts	107,029.35	4,025,391.78	4,132,421.13
State grants and contracts	-	177,155.72	177,155.72
Private gifts, grants, and contracts	-	65,722.59	65,722.59
Sales and services of educational activities	142,457.80	-	142,457.80
Sales and services of auxiliary enterprises	930,083.31	-	930,083.31
Interest income	102,416.24	-	102,416.24
Other sources	35,296.90	-	35,296.90
Total current revenues	<u>12,299,890.41</u>	<u>4,387,003.97</u>	<u>16,686,894.38</u>
<b>EXPENDITURES AND TRANSFERS</b>			
Educational and general expenditures:			
Instruction	6,295,311.31	216,849.96	6,512,161.27
Public service	6,302.55	2,840,904.46	2,847,207.01
Academic support	1,628,360.80	182,299.91	1,810,660.71
Student services	1,300,259.54	20,268.34	1,320,527.88
Institutional support	1,414,798.47	3,449.55	1,418,248.02
Operation and maintenance of plant	1,071,127.64	2,175.00	1,073,302.64
Scholarships and fellowships	115,889.11	1,121,056.75	1,236,945.86
Total educational and general expenditures	<u>11,832,049.42</u>	<u>4,387,003.97</u>	<u>16,219,053.39</u>
Nonmandatory transfers:			
Loan fund matching grant	(25.00)	-	(25.00)
Total educational and general expenditures and transfers	<u>11,832,024.42</u>	<u>4,387,003.97</u>	<u>16,219,028.39</u>
Auxiliary enterprises:			
Expenditures	833,088.14	-	833,088.14
Nonmandatory transfers:			
Renewals and replacements	12,117.46	-	12,117.46
Total auxiliary enterprises	<u>845,205.60</u>	<u>-</u>	<u>845,205.60</u>
Total expenditures and transfers	<u>12,677,230.02</u>	<u>4,387,003.97</u>	<u>17,064,233.99</u>
<b>OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)</b>			
Excess of restricted receipts over transfers to revenues	-	3,471.47	3,471.47
Indirect costs recovered	-	(102,627.35)	(102,627.35)
Refunded to grantors	-	(35,001.45)	(35,001.45)
Net decrease in fund balances	<u>\$ (377,339.61)</u>	<u>\$ (134,157.33)</u>	<u>\$ (511,496.94)</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, 1996, and June 30, 1995**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The college is 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 of the college have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The college uses the AICPA College Guide model for accounting and financial reporting.

**BASIS OF ACCOUNTING**

The financial statements of the college 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, and (2) nonmandatory transfers, for all other cases.

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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**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 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 any of 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.

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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Loan Funds

Loan funds consist of resources made available for student loans.

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.

**LGIP DEPOSIT-CAPITAL PROJECTS**

Payments related to the college's capital projects are made by the State of Tennessee's Department of Finance and Administration. The college's estimated local share of the cost of each project is held in a separate Local Government Investment Pool (LGIP) account. As expenditures are incurred, funds are withdrawn from the LGIP account by the Tennessee Board of Regents and transferred to the Department of Finance and Administration. The funds in the account are not available to the college for any other purpose until the project is completed and any remaining funds are released by the Tennessee Board of Regents.

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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**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.

**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.

**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 \$20 per volume, and other library holdings are valued at various standardized values. 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, 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.

**COLUMBIA STATE COMMUNITY COLLEGE FOUNDATION**

The college is the sole beneficiary of the Columbia State Community College Foundation. This private, nonprofit foundation is controlled by a board independent of the college. The financial records, investments, and other financial transactions are han-

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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dled by the college, and the assets and liabilities of the foundation are included in the agency funds on the college's balance sheet.

**NOTE 2. 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. Generally accepted accounting principles require that certain accrued compensated absences and related benefits, the effects of which are material to the financial statements, be recorded as earned. The college's policy is to record such benefits as paid. The recognition of this liability for accrued compensated absences and related benefits would have increased the liabilities of the unrestricted current fund by \$545,270.54 at June 30, 1996, and \$521,678.54 at June 30, 1995, and increased the unrestricted current fund expenditures by \$23,592.00 for the year ended June 30, 1996, and by \$44,165.85 for the year ended June 30, 1995.

**NOTE 3. CASH**

This classification includes demand deposits and petty cash on hand. At June 30, 1996, cash consisted of \$233,838.90 in bank accounts, \$4,240.00 of petty cash on hand, \$2,648,147.37 in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, and \$21,247.55 in the Columbia State Community College Foundation's money market account. At June 30, 1995, cash consisted of \$229,457.17 in bank accounts, \$4,390.00 of petty cash on hand, \$2,632,351.79 in the State of Tennessee Local Government Investment Pool, and \$28,318.09 in the foundation's money market account.

**NOTE 4. DEPOSITS**

At June 30, 1996, some of the college's bank accounts were in financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. 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.

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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The bank balances of the remaining deposits including accrued interest as of June 30, 1996, were entirely insured or collateralized with securities held by the college's agent in the college's name.

At June 30, 1995, the bank balances of deposits including accrued interest 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 105% of the uninsured deposits. From July 1, 1994, through January 17, 1995, the college had undercollateralized amounts on certain days as high as \$50,760.00. From July 1, 1995, to January 21, 1996, the college had undercollateralized amounts on certain days as high as \$99,020.00.

**NOTE 5. 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 invest funds in accordance with its board of directors' policies. Investments are valued at cost, or in the case of gifts, at fair value on the date of receipt. Certificates of deposit have been included with other deposits in Note 4 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 trust department or agent in the college's/foundation's name. Cate-

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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gory 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.

June 30, 1996

	<u>Carrying Amount</u>	<u>Market Value</u>
Category 1:		
U.S. government securities	\$655,125.78	\$658,255.60
Categories 2 and 3	-	-
Certificates of deposit classified as investments	<u>57,786.08</u>	<u>57,786.08</u>
Total investments on the balance sheet	<u>\$712,911.86</u>	<u>\$716,041.68</u>

June 30, 1995

	<u>Carrying Amount</u>	<u>Market Value</u>
Category 1:		
U.S. government securities	\$571,231.25	\$579,784.70
Categories 2 and 3	-	-
Certificates of deposit classified as investments	<u>57,786.08</u>	<u>57,786.08</u>
Total investments on the balance sheet	<u>\$629,017.33</u>	<u>\$637,570.78</u>

**NOTE 6. PLANT FUND ENCUMBRANCES**

Plant fund encumbrances outstanding at June 30, 1996, amounted to \$216 for unexpended plant and \$10,000 for renewals and replacements. Plant fund encumbrances outstanding at June 30, 1995, amounted to \$24,980 for unexpended plant and \$15,000 for renewals and replacements.

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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**NOTE 7. PENSION PLANS**

Defined Benefit Plan

All the college's regular employees may participate in a cost-sharing multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The payroll for employees covered by the TCRS plan was \$6,136,396.40 for the year ended June 30, 1996, and \$6,196,321.39 for the year ended June 30, 1995. The college's total payroll was \$8,851,256.13 for the year ended June 30, 1996, and \$8,723,274.07 for the year ended June 30, 1995.

TCRS members may retire at age 60 with five years of service or at any age with 30 years of service. Early retirement with reduced benefits is available to vested members who are at least age 55 or have 25 years of service. Benefits are based on the number of years of creditable service and highest average salary for five consecutive years. Members are vested after five years of service. The TCRS also provides death and disability benefits. Disability benefits are available to members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member performed duties. Benefits are established by state statute.

The college is required by state statute, effective July 1, 1981, to contribute the amounts necessary to pay benefits when due. Prior to that date, the employee bore a portion of the contribution. Members with contributory service who leave the college are eligible for a refund of their contributions, along with contributions made after July 1, 1981, on the employees' behalf by the college. The actuarially required contribution made for the year ended June 30, 1996, was \$388,691.29, which represented 6.33% of the covered payroll, and for the year ended June 30, 1995, was \$392,117.51, which represented 6.33% of the covered payroll.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the TCRS' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and among employers. The TCRS does not make separate measurements of assets and

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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pension benefit obligation for individual state employers. Therefore, the following information is provided for the entire state employee portion of the TCRS. The pension benefit obligation at June 30, 1996, and at June 30, 1995, determined through an actuarial update performed as of June 30, 1996, was \$11,610.6 million and through an actuarial valuation performed as of June 30, 1995, was \$10,697.4 million. The net assets, at cost or amortized cost, available for benefits were \$12,925.0 million at June 30, 1996, and \$11,566.8 million at June 30, 1995, leaving assets in excess of pension benefit obligation of \$1,314.4 million at June 30, 1996, and \$869.4 million at June 30, 1995. The market value of the net assets available for benefits was \$14,100.9 million at June 30, 1996, and \$12,552.1 million at June 30, 1995. The college's 1996 and 1995 contributions represented 0.1% of total contributions required of all participating entities.

Ten-year historical trend information showing the TCRS' progress in accumulating sufficient assets to pay benefits when due is presented in the June 30, 1996, *Tennessee Consolidated Retirement System Comprehensive Annual Financial Report*.

Defined Contribution Plans

The college has three defined contribution plans offered through the 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 available only to eligible faculty and staff exempt from the overtime provision of the Fair Labor Standards Act. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. State statute requires the college to contribute 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. Members are fully vested upon entry into the plans.

The payroll for employees covered by the defined contribution plans was \$2,006,992.40 for the year ended June 30, 1996, and \$1,880,939.80 for the year ended June 30, 1995. The college's total payroll was \$8,851,256.13 for the year ended June 30, 1996, and \$8,723,274.07 for the year ended June 30, 1995. The required contribution made by the college for the year ended June 30, 1996, was \$200,699.24, which represented 10% of the covered payroll, and for the year ended June 30, 1995, was \$188,093.98, which represented 10% of the covered payroll.

**Tennessee Board of Regents  
Columbia State Community College  
Notes to the Financial Statements (Cont.)  
June 30, 1996, and June 30, 1995**

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Deferred Compensation

Effective January 1996, the college, through the State of Tennessee, offers its employees a deferred compensation plan established pursuant to *Internal Revenue Code*, Section 401(k). Excluding the \$20 college match discussed below, all costs of administering the plan are the responsibility of plan participants.

Since Section 401(k) plan assets remain the property of contributing employees, they are not presented in the State of Tennessee's financial statements. *Internal Revenue Code*, Section 401(k), establishes participation, contribution, and withdrawal provisions for the plan. Effective for the six-month period January through June 1996, the college provided a \$20 monthly Section 401(k) match from unrestricted current funds for employees making a minimum monthly contribution of \$20 to the plan. During the year ended June 30, 1996, contributions totaling \$34,763.00 were made by employees participating in the plan with a related match of \$13,320.00 made by the college. The current covered payroll for participating employees was \$3,682,738.97, while the total payroll for all eligible college employees during the year was \$8,771,594.20.

**NOTE 8. 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 9. OTHER ADDITIONS AND DEDUCTIONS**

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

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	<u>Year Ended June 30, 1996</u>	<u>Year Ended June 30, 1995</u>
<b>Other Additions</b>		
Restricted current funds: Additions to JTPA unemployment reserve	\$19,025.68	\$ -

**NOTE 10. 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. In the past three fiscal years, the state has not had any claims filed with the commercial insurer. A designation for casualty losses in the amount of \$5 million has been established in the state's general fund to provide for any property losses not covered by the commercial insurance.

At June 30, 1996, the scheduled coverage for the college was \$24,174,300 for buildings and \$8,158,000 for contents. At June 30, 1995, the scheduled coverage was \$20,405,800 for buildings and \$8,158,000 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, automotive 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.

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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.

**NOTE 11. 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 \$3,092,307.37 at June 30, 1996, and \$3,069,283.91 at June 30, 1995.

Operating Leases - The college has entered into various operating leases for buildings. Such leases will probably continue to be required. Expenditures under operating leases for real property were \$132,354.61 for the year ended June 30, 1996. The amount for the year ended June 30, 1995, was \$114,299.62. All operating leases are cancelable at the lessee's option.

Questioned Costs - As of June 30, 1996, the college had not resolved \$2,297.08 of questioned costs resulting from prior audits. Final resolution of these questioned costs will be determined by the grantor.