FINANCIAL STATEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2015

340 Victoria Road
Asheville, North Carolina 28801
(828) 254-1921
www.abtech.edu

Asheville-Buncombe Technical Community College

Financial Statement Report

For the Year Ended June 30, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents
June 30, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

DIXON HUGHES GOODMAN LLP

INDEPENDENT AUDITORS' REPORT

To the Board Trustees of
Asheville-Buncombe Technical Community College
Asheville, North Carolina

Report on the Financial Statements

We have audited the financial statements of Asheville-Buncombe Technical Community College (the "College"), a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Asheville-Buncombe Technical Community College Foundation (the "Foundation"), the College's discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2015, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, beginning balances were restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an Amendment of GASB Statement No. 27)*, in 2015. Our opinion is not modified with respect to these changes.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Teachers' and State Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability and the College's Contributions on pages 4 through 15 and pages 45 and 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

DIXON HUGHES GOODMAN LLP

Other Reporting Required by *Government Auditing Standards*

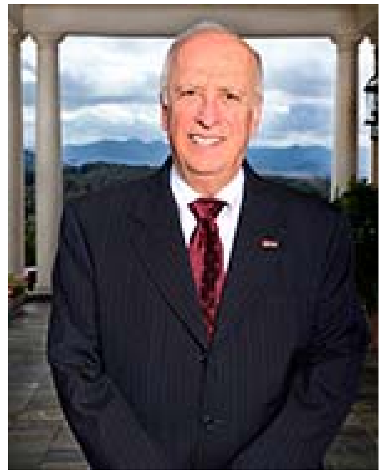
In accordance with *Government Auditing Standards*, we have also issued a report dated February 4, 2016, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Accordingly, we express no opinion. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Asheville, North Carolina
February 4, 2016

THIS PAGE INTENTIONALLY LEFT BLANK

AB Tech
Community College



VALUES

Tech's core beliefs guide behaviors, decisions and interactions toward accomplishing the mission and achieving the vision.

A-B Tech is dedicated to student and community success through:

- **Excellence**
- **Learning**
- **Supportive Environment**
- **Innovation**
- **Inclusiveness**
- **Continuous Improvement**

MANAGEMENT DISCUSSION AND ANALYSIS

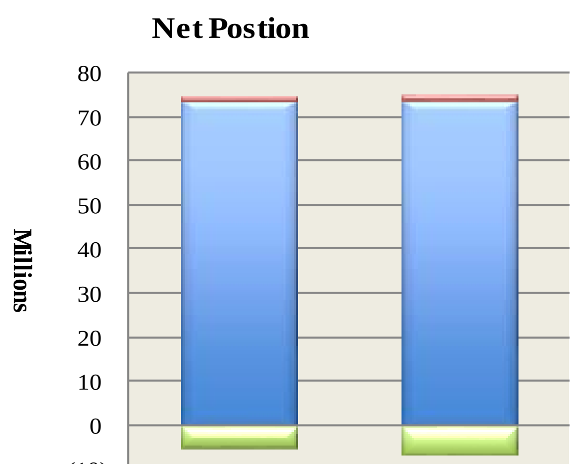
THIS PAGE INTENTIONALLY LEFT BLANK

Management Discussion and Analysis

Our discussion and analysis of Asheville-Buncombe Technical Community College's financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

The College's net position, which consists of net investment in capital assets, restricted, and unrestricted, modestly increased by 1.66% from $69,106,473 at June 30, 2014 to $70,253,434 at June 30, 2015. For more relevant comparison year over year, the College has restated its financial statements for the year ended June 30, 2014 due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pension – An Amendment of GASB Statement No. 27.* Please see more discussions in the Overview of Financial Statements section and disclosures in Notes 11 and 16 in the Notes to the Financial Statements section. The following chart shows the comparison by category for the fiscal years ended June 30, 2015 and June 30, 2014.

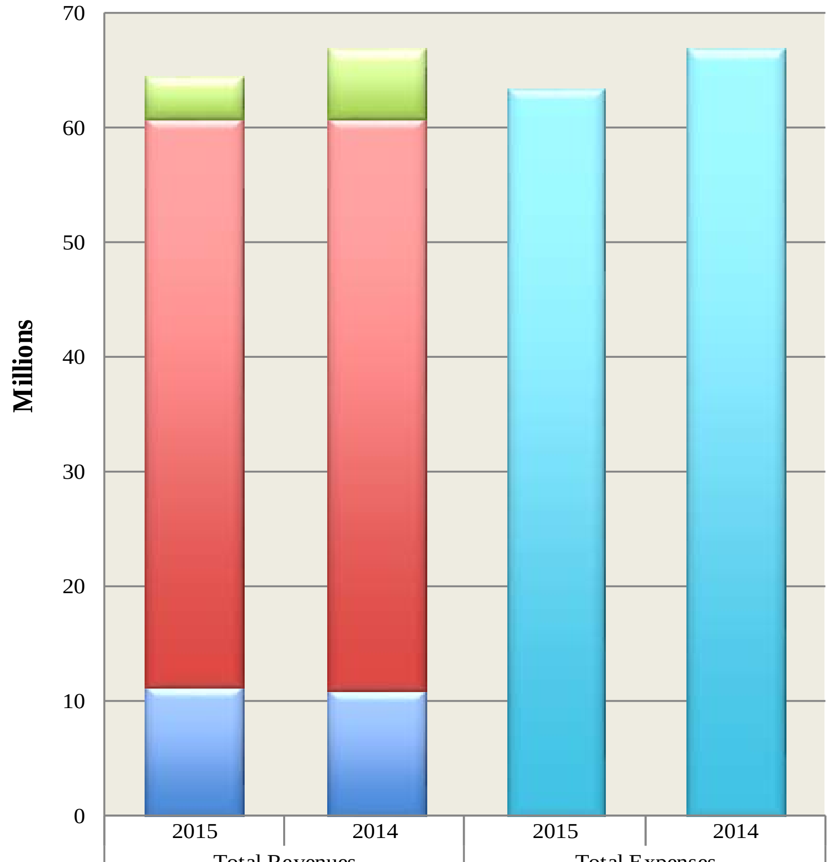


	2015	2014 (Restated)
Unrestricted Assets	(4,724,818)	(6,185,942)
Restricted Assets	1,098,869	1,326,968
Net Investment in Capital Assets	73,879,383	73,965,447
Net Position	70,253,434	69,106,473

The College's total revenues decreased by $2,363,347 to $64,546,120 at June 30, 2015 from $66,909,467 at June 30, 2014, primarily attributing to the receipt of the capital gift, Roberson Building, from the County in FY 2014.

Total expenses were $63,399,160 representing a 5.23% decrease compared to previous fiscal year, due largely to the decrease in Services and Scholarships expenses.

Total Revenues and Expenses



	Total Revenues 2015	Total Revenues 2014	Total Expenses 2015	Total Expenses 2014
Total Expenses			63,399,160	66,900,722
Capital Revenues	3,734,053	6,099,739		
Nonoperating Revenues	49,478,985	49,826,708		
Operating Revenues	11,333,083	10,983,020		
Total Revenues	64,546,121	66,909,467		

USING THE FINANCIAL STATEMENTS

The College's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statements 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* as amended by GASB Statement No.35, *Basic Financial Statements – Management's Discussion and Analysis – for Public College and Universities,* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Accordingly, the College's financial statements are comprised of the following four components:

> <u>Statement of Net Position</u>: This statement includes all assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position. The College's net position is an indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the age and condition of its buildings. (Exhibit A-1)
>
> <u>Statement of Revenues, Expenses and Changes in Net Position</u>: This statement presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. This approach is intended to summarize and simplify the presentation of the College's services to the students and public. (Exhibit A-2)
>
> <u>Statement of Cash Flows</u>: This statement presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing and investing activities, and helps measure the ability of the College to meet financial obligations as they mature. (Exhibit A-3)
>
> <u>Notes to the Financial Statements</u>: The notes provide additional information that is essential for a complete understanding of the data provided in the statements.

The statements are prepared under the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The full scope of the College is considered to be a business-type activity and is reported in a single column on the statements.

OVERVIEW OF FINANCIAL STATEMENTS

Statement of Net Position

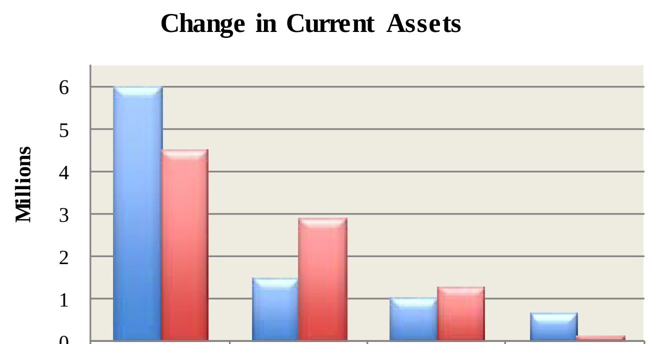
Below is a condensed comparative analysis between the Statement of Net Position (Exhibit A-1) contained herein and for the fiscal years ended June 30, 2015 and 2014, followed by a discussion on the changes in assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position.

Condensed Statements of Net Position
For the Year Ended June 30, 2015
With Comparative Data for the Year Ended June 30, 2014

	2015	2014 (Restated)	Change Amount	Change Percent
Assets				
Current	$ 9,276,855	$ 8,932,288	$ 344,567	3.86%
Capital Assets, Net	74,073,155	73,998,628	74,527	0.10%
Other Noncurrent Assets	723,116	715,215	7,901	1.10%
Total Assets	84,073,126	83,646,131	426,995	0.51%
Deferred Outflows of Resources	2,327,537	1,952,963	374,574	19.18%
Liabilities				
Current	3,700,733	3,590,694	110,039	3.06%
Noncurrent	5,270,038	12,701,610	(7,431,572)	(58.51%)
Total Liabilities	8,970,771	16,292,304	(7,321,533)	(44.94%)
Deferred Inflows of Resources	7,176,458	200,317	6,976,141	3482.55%
Net Position				
Invested in Capital Assets, Net of Related Debt	73,879,383	73,965,447	(86,064)	(0.12%)
Restricted	1,098,869	1,326,968	(228,099)	(17.19%)
Unrestricted	(4,724,818)	(6,185,942)	1,461,124	(23.62%)
TOTAL NET POSITION	**$ 70,253,434**	**$ 69,106,473**	**$ 1,146,961**	**1.66%**

Assets and Deferred Outflows of Resources

Current assets increased by $426,994 or 0.51% due to the combination of following changes:



	Cash and Cash Equivalents	Receivables, Net	Inventories	Prepaid Items
2015	6,024,544	1,513,427	1,039,933	698,951
2014	4,530,027	2,919,315	1,326,958	155,988
Change	1,494,517	(1,405,888)	(287,025)	542,963

- Cash and cash equivalents increased by $1,494,517 from previous year. The major increase is in county funds, which do not revert to the counties at year end. The change is the result of reimbursements of expenses in prior years for remediation of Hemlock Building and maintenance supplies and materials from the County.

- Net receivable decreased by $1,405,888 due mainly to a reduction of intergovernmental receivable and correction to direct loan receivable.

- Inventory decreased by $287,025 year over year primarily relating to the Bookstore.

- Prepaid items increased by $542,963 compared to previous year, attributing to membership and software subscriptions that were paid in FY2015, but majority of the covered period are in FY 2016.

Net capital assets slightly grew 0.10% or $74,527 year over year. During the fiscal year, the Parking Lot and Sidewalk project that was started in fiscal year 2013 was completed and transferred from Construction in Process to Infrastructure; a new roof was installed on Magnolia building; and additional equipment were purchase for Brewing program and other programs. Aged and fully depreciated equipment were disposed. The composition of capital assets and change are detailed in Note 5.

Noncurrent assets essentially remain unchanged, which include restricted cash and cash equivalents, receivable from a settlement and North Carolina Community College System (NCCCS) related to advanced planning.

Deferred outflows of resources are related to pensions, which represent the College's contribution subsequent to the measurement date and will be recognized as a reduction of net pension liability. As a result, the College recorded $2,327,537 deferred outflows of resources for pensions based on the calculation of the Office of State Controller (the OSC). Please see Schedule of Employer Balance of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions in Note 11 for details.

Liabilities and Deferred Inflows of Resources

Current liabilities slightly increased $110,039 or 3.06% compared to the previous year due primarily to an increase in intergovemental payables.

Noncurrent liabilities decreased $7,731,572 year over year as well, largely contributing to net pension liability. As mentioned above, the College implements GASB Statement No. 68, which requires that cost-sharing employer, the College, reports its proportionate share of pension liability. As a result of restatement, the College recorded the beginning net pension liability of $9,501,145, which was calculated by the OSC, who also calculated the net change of $7,666,189 from FY2014 to FY2015.

Deferred inflows of resources increased $6,976,141 mainly relating to pensions, and will be recognized as pension expense in the next four fiscal years. Please see Note 11 for details.

Net Position

Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Overall net position increased by $1,146,961.

- Net investment in capital assets represents the College's total capital assets less accumulative depreciation and related debt. Net investment in capital assets decreased modestly by $86,064 due majorly to the new capital lease obligation for the new printers.

- Restricted amount decreased by $228,099 attributing mainly to the capital projects and the endowments. As the College endowments were being underutilized, the Foundation Board approved a decision at the March 10, 2015 meeting to contact the donor/relative in order to release restrictions thereon so that the endowments could be combined into one endowment to award accordingly for annual scholarships. As of June 30 all College endowments have been transferred into the Thomas W. Simpson Endowment within the Foundation financial statements with the exception of one, which remain with the College at the donor's request.

- Unrestricted amount increased by $1,461,124 mainly contributing to the reduction of operating expenses.

Statement of Revenues and Expenses and Change in Net Position

Below is a condensed comparative analysis of the June 30, 2015 Statement of Revenues, Expenses, and Changes in Net Position (Exhibit A-2) contained herein and the year ended June 30, 2014, followed by discussion on changes in revenues and expenses.

Statements of Revenues and Expenses and Changes in Net Positon
For the Year Ended June 30, 2015 with Comparative Data for the Year Ended June 30, 2014

			Change	
	2015	**2014**	**Amount**	**Percent**
Operating Revenues				
Student Tuition & Fees	$ 8,308,637	$ 7,855,016	$ 453,621	5.77%
Sales and Services	2,998,994	3,111,266	(112,272)	(3.61%)
Other Revenues	25,452	16,738	8,714	52.06%
Total Operating Revenues	11,333,083	10,983,020	350,063	3.19%
Operating Expenses				
Salaries and Benefits	38,368,275	38,008,410	359,865	0.95%
Supplies & Materials	8,408,742	8,691,479	(282,737)	(3.25%)
Services	5,196,663	7,724,951	(2,528,288)	(32.73%)
Scholarships	6,641,170	7,835,320	(1,194,150)	(15.24%)
Utilities	1,605,127	1,685,513	(80,386)	(4.77%)
Depreciation Amortization	3,179,183	2,955,049	224,134	7.58%
Total Operating Expenses	63,399,160	66,900,722	(3,501,562)	(5.23%)
Nonoperating Revenues/(Expenses)				
Government Appropriations	35,019,026	33,456,114	1,562,912	4.67%
Grants & Gifts	14,386,966	16,452,861	(2,065,895)	(12.56%)
Investment Income	13,816	31,921	(18,105)	(56.72%)
Other Nonoperating Revenues	59,177	(114,188)	173,365	(151.82%)
Total Nonoperating Revenues, Net	49,478,985	49,826,708	(347,723)	(0.70%)
Capital Contributions				
Government Appropriations	3,346,912	3,313,195	33,717	1.02%
Grants & Gifts	387,141	2,786,544	(2,399,403)	(86.11%)
Total Capital Contributions	3,734,053	6,099,739	(2,365,686)	(38.78%)
INCREASE IN NET POSITION	**$ 1,146,961**	**$ 8,745**	**$ 1,138,216**	**13015.62%**

Operating Revenues

Operating revenues are derived from activities that are necessary and essential to the mission of the College.

The College's overall operating revenues increased marginally by 3.19% year over year, which was pertained to a combination of increase in net student tuition and fees due to a decrease in scholarship discount and an increase in other revenues offsetting by decrease in sales and service at the bookstore.

Operating Expenses

Operating expenses are necessary and essential to the mission of the College; these include all expenses with the exception of expenses related to investing, capital and related financing and noncapital activities. Depreciation is recognized as an operating expense in accordance with General Accepted Accounting Principles.

- Salaries and Benefits rose slightly by 0.95% or $359,865 due primarily to a very minimal legislative salary increase.

- Supplies and Materials expenses show a 3.25% minor decrease as the College continued making its efforts to maintain the aging equipment and facilities.

- Services expense decreased significantly by $2,528,287. This decrease was attributable to the factors that the College incurred a one-time expense in FY2014, a penalty due to the Department of Education for errors noted during a review of financial aid processes; membership and software subscriptions expenses were reclassified as prepaid items; and a reclassification was made to receivables related to direct loan.

- Scholarships decreased by $1,194,150 or 15.24% year over year. The major decline was related to the combination of the decrease in FTE enrollment and more ineligible applicants who did not meet the academic requirements.

- Utilities slightly decreased by 4.77% as the cost of gas dropped.

- Depreciation increased by $224,134 as more capital assets have been purchased and placed in service.

Nonoperating Revenues

Nonoperating revenues include activities that have non-exchange characteristics; that is, the College received revenue without providing a good or service.

Total net nonoperating revenues dropped modestly by $347,723. Gifts and grants realized a decrease in student financial aid and federal assistance of $2,065,896, offsetting by an increase $1,562,152 state assistance. Grants to the college by donors also realized a decrease in revenue. Changes in legislation, budget availability, and FTE contributed to the decline in student financial aid.

Capital Contributions

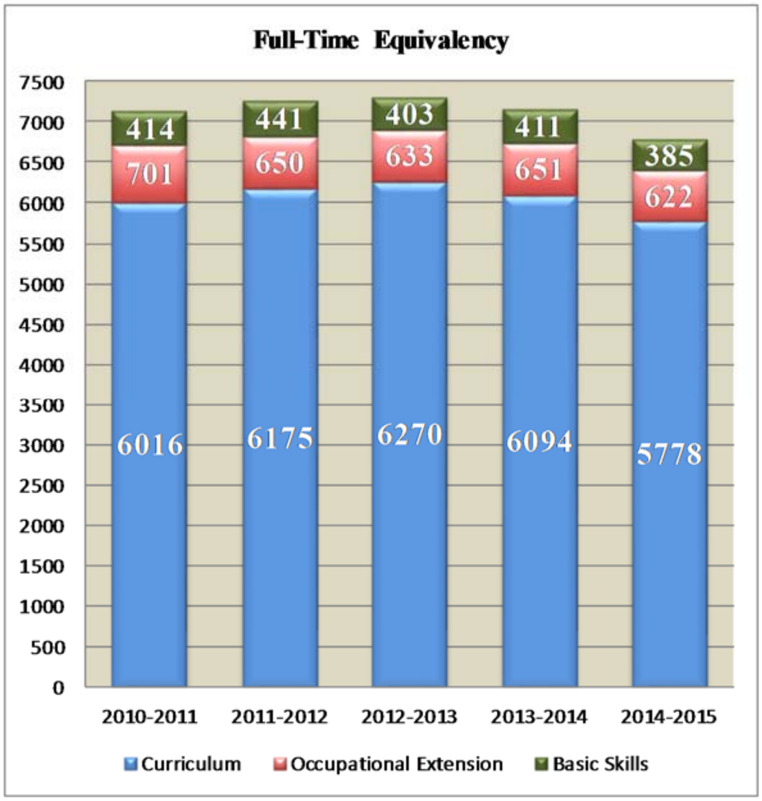
Capital contributions consist of state, and county appropriations as well as grants and gifts for equipment, construction, building improvements, and infrastructure.

Capital revenue decreased overall by $2,365,687. In FY2104, the College recorded as a gift from Buncombe County the purchase price of the Roberson Building at cost of $2,600,000.

THE COLLEGE'S FINANCIAL POSITION

The ability of the College to fulfill its mission and execute its strategic plan is directly influenced by state, federal, and county support. Enrollment levels and financial aid available to students are also key variables. These issues impact budget planning processes each year.

State support is the College's primary funding source. To ensure the fiscal stability of community colleges, State support is based on the higher of total budgetary full-time equivalency (FTE) enrollment of the year preceding the budget year or the average of the two preceding years' FTE. The chart below illustrates the College's budget FTE for the past five years.



As the chart shows, the budget FTE dropped comparing to the previous years. This directly impacts the State funding. To maintain its fiscal stability without capping enrollment, the College is continuing to expand its offering of night, weekend and "mini semester" classes and restructure facilities usage. The College reviews existing programs for continuing viability and reviews new program proposals on a regular basis.

The State of North Carolina continues to struggle through the economic downfall. However, the General Assembly recognized the importance of community colleges' training and retraining dislocated workers by fully funding the institutions. In spite of this recognition and in an effort to balance the State's 2015-16 budget, the General Assembly ratified an immediate budget reduction for community colleges. In accordance with state legislation, the College has reverted $473,409 or approximately 1.22% of its 2015-16 State funded operating budget. The 2015-16 reversion is less than the prior year by $1,199,765.

Appropriations from Buncombe and Madison Counties are primarily for plant operations, maintenance and capital asset repairs and renovations. For the budget year 2015-16, both Buncombe and Madison County's appropriation remains the same level as previous year; however, the College is still carrying a decrease in Buncombe County's funding of

$2,000,000 first seen in the 2012-13 appropriation because county appropriations do not revert, the College has the funds to cover the reduction.

The College is also seeking alternative entrepreneurial revenue sources and other options that allow the College to generate non-state, non-county revenues. Examples of options implemented include offering select summer classes as self-supporting so that the College retains the revenue and increasing the number of high cost programs charging consumable supply fees.

THE COLLEGE'S FINANCIAL FUTURE

What can the College expect in the future?

The College is experiencing a decline in FTE as it begins the fall 2015 semester. Historically, a recovering economy results in a downward shift in enrollment as individuals are finding employment. As the economy continues to recover, the College will experience FTE stability after a period of decline. Typically, as curriculum FTE falls, the College will find growth in noncurriculum FTE as it picks up students who are training and retraining to enhance employment opportunities. As the economy continues its return to normal, companies will expand and/or relocate to the College's service area. This results in the College providing training for new and expanding industries, as well as develop partnerships with these industries that will enhance educational opportunities and economic growth.

It is widely known and publicized that the road to economy recovery runs through North Carolina's community colleges. The Asheville-Buncombe Technical Community College is confident in its financial stability and ability to attract citizens to higher education. The College's Board of Trustees and Administration are dedicated in its efforts toward program assessment; cost containment; continuous improvement; expansion of curriculum, occupational training, and continuing education; and increased distance learning opportunities. These efforts are geared toward assessing the College's performance related to goals and freeing up resources to support change. The College's ongoing strategic planning initiative and efforts to identify resource reallocation opportunities have expanded to new activities that enhance revenues and control expenses over the short and long term. As a result, Asheville-Buncombe Technical Community College remains financially sound.

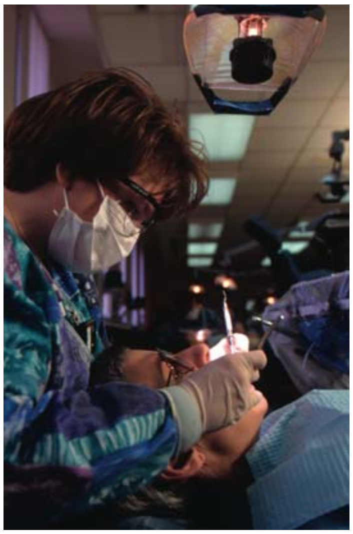
REQUEST FOR INFORMATION

This report is designed to provide a summary overview of the College's finance. Questions or requests for additional information should be addressed to:

Asheville-Buncombe Technical Community College
340 Victoria Road
Asheville, North Carolina 28801
828-254-1921

AB Tech Community College

COMPLETION BY DESIGN



VISION

Locally Committed • Regionally Dynamic • World-Class Focused

FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

A-B Tech Community College

Statement of Net Position

June 30, 2015

Exhibit A-1

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 4,576,533
Restricted Cash and Cash Equivalents	1,448,011
Receivables, Net (Note 4)	1,494,719
Inventories	1,039,933
Prepaid Items	698,951
Notes Receivable, Net (Note 4)	18,708
Total Current Assets	9,276,855
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	465,894
Receivables, Net (Note 4)	122,222
Restricted Due from Primary Government	135,000
Capital Assets - Nondepreciable (Note 5)	6,318,598
Capital Assets - Depreciable, Net (Note 5)	67,754,557
Total Noncurrent Assets	74,796,271
Total Assets	84,073,126
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions (Note 11)	2,327,537
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 6)	1,623,590
Due to Primary Government	1,108
Unearned Revenue	755,045
Funds Held for Others	888,689
Long-Term Liabilities - Current Portion (Note 7)	432,301
Total Current Liabilities	3,700,733
Noncurrent Liabilities:	
Long-Term Liabilities (Note 7)	5,270,038
Total Noncurrent Liabilities	5,270,038
Total Liabilities	8,970,771
DEFERRED INFLOWS OF RESOURCES	
Pensions (Note 11)	6,627,364
Unexpended Grant Proceeds	549,094
Total Deferred Inflows of Resources	7,176,458
NET POSITION	
Net Investment in Capital Assets	73,879,383
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	2,250
Expendable:	
Scholarships and Fellowships	47,274
Loans	8,461
Capital Projects	457,413
Restricted for Specific Programs	583,471
Unrestricted	(4,724,818)
Total Net Position	$ 70,253,434

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

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015
Exhibit A-2

A-B Tech Community College

REVENUES	
Operating Revenues:	
Student Tuition and Fees, Net (Note 9)	$ 8,308,637
Sales and Services, Net (Note 9)	2,998,994
Other Operating Revenues	25,452
Total Operating Revenues	11,333,083
EXPENSES	
Operating Expenses:(Note 10)	
Salaries and Benefits	38,368,275
Supplies and Materials	8,408,742
Services	5,196,663
Scholarships and Fellowships	6,641,170
Utilities	1,605,127
Depreciation/ Amortization	3,179,183
Total Operating Expenses	63,399,160
Operating Loss	(52,066,077)
NONOPERATING REVENUES (EXPENSES)	
State Aid	27,298,004
County Appropriations	7,721,022
Noncapital Grants - Student Financial Aid	11,751,818
Noncapital Grants	1,820,853
Noncapital Gifts (Note 9)	814,295
Investment Income	13,816
Interest and Fees on Debt	(6,831)
Other Nonoperating Revenues (Expenses)	66,008
Net Nonoperating Revenues	49,478,985
Loss Before Capital contributions	(2,587,092)
State Capital Aid	2,629,209
County Capital Aid	717,703
Capital Grants	235,371
Capital Gifts (Note 9)	151,770
Increase in Net Position	1,146,961
NET POSITION	
Net Position, July 1, 2014 (Restated, Note 16)	69,106,473
Net Position, June 30, 2015	$ 70,253,434

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

Statement of Cash Flows

For the Year Ended June 30, 2015

Exhibit A-3

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 11,255,115
Payments to Employees and Fringe Benefits	(39,083,487)
Payments to Vendors and Suppliers	(15,515,702)
Payments for Scholarships and Fellowships	(6,641,170)
Collection of Loans to Students	362,687
Other Receipts (Payments)	(244,094)
Net Cash Used by Operating Activities	(49,866,651)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Aid Received	27,298,005
County Appropriations	7,721,022
Noncapital Grants - Student Financial Aid	11,751,818
Noncapital Grants Received	3,419,287
Noncapital Gifts and Endowments Received	814,295
Deferred inflows for unexpensed noncapital grants	348,777
Net Cash Provided by Noncapital Financing Activities	51,353,204
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Aid Received	2,629,211
County Capital Aid	930,636
Capital Grants Received	235,371
Acquisition and Construction of Capital Assets	(2,896,948)
Principal Paid on Capital Debt and Leases	(798,677)
Interest Paid on Capital Debt and Leases	(6,831)
Net Cash Provided by Capital and Related Financing Activities	92,762
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	13,816
Net Cash Provided by Investing Activities	13,816
Net Increase in Cash and Cash Equivalents	1,593,131
Cash and Cash Equivalents, July 1, 2014	4,897,307
Cash and Cash Equivalents, June 30, 2015	$ 6,490,438

(Continued)

Statement of Cash Flows
For the Year Ended June 30, 2015
Exhibit A-3

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(52,066,077)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		3,179,183
Pension Expense		812,320
Miscellaneous Nonoperating Income		85,088
Changes in:		
Receivables, Net		(52,263)
Inventories		287,025
Prepaid Items		(542,963)
Notes Receivable, Net		362,687
Accounts Payable and Accrued Liabilities		(29,959)
Due to Primary Government		(108)
Unearned Revenue		(204,460)
Funds Held for Others		(150,427)
Deferrd outflows - contributions after the measurement date		(2,225,719)
Compensated Absences		679,022
Net Cash Used by Operating Activities	$	(49,866,651)

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:		
Cash and Cash Equivalents	$	4,576,533
Restricted Cash and Cash Equivalents		1,448,011
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		465,894
Total Cash and Cash Equivalents - June 30, 2015	$	6,490,438

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through Assumption of a Liability	$	256,411
Assets Acquired through a Gift		151,770
Book Value of Assets Disposed		(19,080)

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

AB Tech Community College Foundation

Statement of Financial Position
June 30, 2015 and 2014
Exhibit B-1

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 2,890,739	$ 2,373,786
Contributions Receivable	1,011,666	1,022,094
Other Current Assets	4,257	945
Total Current Assets	3,906,662	3,396,825
Non-Current Assets:		
Foundation Endowment - Restricted	4,976,101	4,357,542
Restricted Cash in Endowment Funds	75,732	299,241
Long-Term Pledge Receivable (Net)	3,464,683	4,245,048
Charitable Remainder Trusts Receivable (Net)	1,574,342	1,725,870
Total Other Non-Current Assets	10,090,858	10,627,701
Total Assets	$ 13,997,520	$ 14,024,526
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 483	$ -
Funs Held for Others	17,604	9,712
Total Current Liabilities	18,087	9,712
NET ASSETS		
Unrestricted	291,595	287,087
Temporarily Restricted	10,357,694	10,630,443
Permanently Restricted	3,330,144	3,097,284
Total Net Assets	13,979,433	14,014,814
Total Liabilities and Net Assets	$ 13,997,520	$ 14,024,526

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

Statement of Activities

For the year ended June 30, 2015

Exhibit B-2

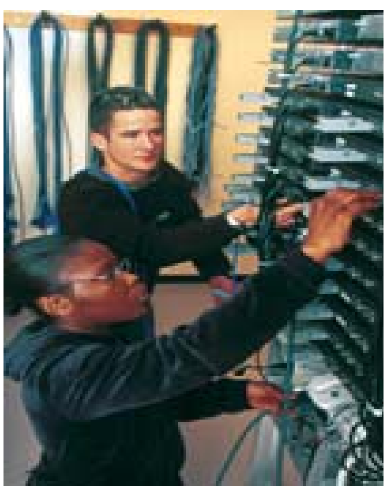
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
SUPPORT AND REVENUE					
Contributions	$ 40,406	$ 308,540	$ 157,128	$ 506,074	$ 486,974
Contributions from Primary Government	-	30,371	75,732	106,103	-
Grant Revenue	-	107,214	-	107,214	81,157
Contributions-Pledge amortization	-	219,635	-	219,635	42,772
Investment Gains (Losses)	-	(11,343)	-	(11,343)	489,169
Change in Value-Charitable Remainder Trusts	-	(151,528)	-	(151,528)	296,337
Special Event Revenue	91,795	26	-	91,821	70,575
Interest and Investment Income	13,455	48,426	-	61,881	104,579
In-Kind Contributions	163,932	-	-	163,932	177,019
Other Revenue	4,346	22,203	-	26,549	259
Net Asset Releases/Reclassifications:					
Released by Expenditure	846,293	(846,293)	-	-	-
Total Support and Revenue	1,160,227	(272,749)	232,860	1,120,338	1,748,841
EXPENSES					
Program Expenses					
Student Scholarships	475,964	-	-	475,964	460,278
Faculty and Staff Mini-Grants	11,913	-	-	11,913	9,930
College Personnel Costs	26,100	-	-	26,100	21,940
Grant Funded Expenses	143,764	-	-	143,764	307,015
Equipment and Supplies (gifted to College)	166,191	-	-	166,191	6,997
Student Stipends	3,866	-	-	3,866	21,110
Student Emergency Aid	8,798	-	-	8,798	2,203
Technology Projects	18,796	-	-	18,796	24,000
Faculty Professional Development	59,476	-	-	59,476	3,491
Contributed Services and Facilities	48,724	-	-	48,724	101,433
Other Expenses	3,278	-	-	3,278	-
Total Program Expenses	966,870	-	-	966,870	958,397
Management and General Expenses					
Administrative Expense	7,180	-	-	7,180	7,803
Contracted Services	9,400	-	-	9,400	355
Contributed Services and Facilities	53,900	-	-	53,900	45,512
Software Contracts	12,042	-	-	12,042	272
Other Expenses	6,055	-	-	6,055	1,285
Total Management and General	88,577	-	-	88,577	55,227
Fundraising Expenses					
Fundraising Activities/Events	38,963	-	-	38,963	38,440
Contributed Goods/Services-Events	61,309	-	-	61,309	34,807
Total Fundraising Expenses	100,272	-	-	100,272	73,247
Total Expenses	1,155,719	-	-	1,155,719	1,086,871
Change in Net Assets	4,508	(272,749)	232,860	(35,381)	661,970
NET ASSETS					
Beginning of Year	287,087	10,630,443	3,097,284	14,014,814	13,352,844
End of Year	**$ 291,595**	**$ 10,357,694**	**$ 3,330,144**	**$ 13,979,433**	**$ 14,014,814**

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

A-B Tech Community College

MISSON

A-B Tech inspires, nurtures and empowers students and the community toward a better quality of life through progressive teaching, bold innovation and supportive collaboration.



NOTES TO FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. **Financial Reporting Entity** - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Asheville-Buncombe Technical Community College (the "College") is a component unit of the State of North Carolina State and an integral part of the State's *Comprehensive Annual Financial Report*.

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

Discretely Presented Component Unit – Asheville-Buncombe Technical Community College Foundation is a legally separate not-for-profit corporation and is reported as discretely presented component unit based on the nature and significance of its relationship to the College.

The Asheville-Buncombe Technical Community College Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of 30 selected members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

The Asheville-Buncombe Technical Community College Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2015, the Foundation distributed $918,354 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Business Services Offices at (828) 398-7111.

B. **Basis of Presentation** - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

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

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

D. **Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, and deposits held by the State Treasurer in the short-term investment fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

E. **Investments –** Investments generally are reported at fair value, as determined by quoted market prices or estimate amounts determined by management if quoted market prices are not available. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

F. **Receivables** - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, Receivables are recorded net of estimated uncollectible amounts.

G. **Inventories** - Inventories, consisting of expendable supplies, are valued at cost using last invoice cost method. Merchandise for resale is valued using the average cost method.

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

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

Depreciation is computed using the straight-line over the estimated useful lives of the assets in the following manner:

Asset Class	Estimated Useful Life
Buildings and Improvements	10-100 years
Machinery & Equipment	5-30 years
General Infrastructure	10-75 years

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

J. **Deferred Outflows of Resources -** The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The College has one item that meet this criterion: contributions made in the current fiscal year to the Teachers' and State Employees' Retirement System (TSERS).

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

The net pension liability represents the College's proportionate share of the collective net pension liability reported in the State of North Carolina's 2014 Comprehensive Annual Financial Report. This liability represents the College's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 11 for further information regarding the College's policies for recognizing liabilities, expenses, and deferred outflows and inflows related to pensions.

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

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

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

M. **Deferred Inflows of Resources -** The Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The College has two items that meets this criterion: pension related deferrals and unexpended grant proceeds.

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

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

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

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

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

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

O. **Scholarship Discounts** - Student tuition and fees revenues and certain other revenues from College charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship discount.

P. Revenue and Expense Recognition - The College classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) certain federal, state, and local grants and contracts. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

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

Q. Internal Sales Activities – Certain institutional auxiliary operations provide goods and services to College departments, as well as to its customers. These institutional auxiliary operations include activities such as Bookstore, Early Education Center, and Motor Pool. All internal sales activities to College departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

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

S. **Defined Benefit Pension Plan** - For purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of TSERS and additions to/deduction from TSERS' fiduciary net position have been determined on the same basis as they are reported by TSERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The College's contributions are recognized when due and the College has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS. Investments are reported at fair value.

NOTE 2 - DEPOSITS AND INVESTMENTS

The College is required by *North Carolina General Statute* 147-77 to deposit any funds collected or received that belong to the State of North Carolina with the State Treasurer or with a depository institution in the name of the State Treasurer. All funds of the College, other than those required to be deposited with the State Treasurer, are deposited in board-designated official depositories and are required to be collateralized in accordance with *North Carolina General Statute* 115D-58.7. Official depositories may be established with any bank or savings association whose principal office is located in North Carolina. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. The amount shown on the Statement of Net Position as cash and cash equivalents includes cash on hand totaling $7,650, and deposits in private financial institutions with a carrying value of $187,963 and a bank balance of $1,113,904.

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

Treasurer to secure all of its public deposits. This method shifts the monitoring responsibility from the local unit to the State Treasurer.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2015, the College's bank balance in excess of federal depository insurance coverage was covered under pooling method.

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

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

At June 30, 2015, the amount shown on the Statement of Net Position as cash and cash equivalents includes $6,294,825, which represents the College's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.5 years as of June 30, 2015. Assets and shares of the STIF are valued at amortized cost, which approximates fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page http://www.osc.nc.gov/ and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

NOTE 3 - DONOR RESTRICTED ENDOWMENTS

The College's endowment assets are pooled with state agencies and similar institutions in short-term investments with the State Treasurer's Cash and Investment Pool and are reported as restricted cash and cash equivalents - noncurrent on the accompanying financial statements. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized, and unrealized, of the assets of the endowment funds. Annual payouts from the College's endowment funds are based on an adopted spending policy, which limits spending to 100% of the interest earnings unless the donor has stipulated otherwise. At June 30, 2015, net appreciation of $253 was available to be spent, all of which was classified in net position as restricted: expendable: scholarships and fellowships as it is restricted for specific purposes.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2015, were as follows

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,488,585	$ 583,342	$ 905,243
Student Sponsors	81,675	5,898	75,777
Vendors	137,670	-	137,670
Intergovernmental	22,692	-	22,692
Private Grantors	142,749	-	142,749
Settlement	183,333	-	183,333
Patrons	11,797	744	11,053
Other	16,202	-	16,202
Total Current Receivables	$ 2,084,703	$ 589,984	$ 1,494,719
Noncurrent Receivables:			
Settlement	$ 122,222	$ -	$ 122,222
Total Noncurrent Receivables	$ 122,222	$ -	$ 122,222
Notes Receivable:			
Notes Receivable - Current:			
Institutional Student Loan Programs	$ 18,708	$ -	$ 18,708
Total Notes Receivable - Current	$ 18,708	$ -	$ 18,708

Note 5 - Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2015, is presented as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets, Nondepreciable:				
Land	$ 5,958,213	$ -	$ -	$ 5,958,213
Construction in Progress - Equipment	-	85,258	-	85,258
Construction in Progress - Infrastructure	1,265,818	526,514	1,517,205	275,127
Total Capital Assets, Nondepreciable	7,224,031	611,772	1,517,205	6,318,598
Capital Assets, Depreciable:				
Buildings	87,989,142	216,445	-	88,205,587
Machinery and Equipment	11,888,152	2,661,017	483,385	14,065,784
General Infrastructure	4,507,617	1,300,760	-	5,808,377
Total Capital Assets, Depreciable	104,384,911	4,178,222	483,385	108,079,748
Less Accumulated Depreciation/Amortization for:				
Buildings	29,284,870	1,873,093	-	31,157,963
Machinery and Equipment	6,368,869	1,139,954	457,652	7,051,171
General Infrastructure	1,956,575	166,136	6,654	2,116,057
Total Accumulated Depreciation	37,610,314	3,179,183	464,306	40,325,191
Total Capital Assets, Depreciable, Net	66,774,597	999,039	19,079	67,754,557
Capital Assets, Net	$ 73,998,628	$ 1,610,811	$ 1,536,284	$ 74,073,155

Note 6 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2015, were as follows:

	Amount
Current Accounts Payable and Accrued Liabilities:	
Accounts Payable	$ 362,944
Accrued Payroll	521,783
Construction Contracts Payable	30,016
Contract Retainage	5,441
Intergovernmental Payables	702,356
Other	1,050
Total	$ 1,623,590

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities for the year ended June 30, 2015, is presented as follows

	Balance July 1, 2014	Prior Period Adjustments	Additions	Reductions	Balance June 30, 2015	Current Portion
Capital Leases Payable	$ 33,181	$ -	$ 220,954	$ 60,363	$ 193,772	$ 41,061
Intergovernmental Payable	738,314	-	-	738,314	-	-
Compensated Absences	2,994,589	-	2,815,548	2,136,527	3,673,610	391,240
Net Pension Liability	-	9,501,145	-	7,666,189	1,834,956	-
Total Long-Term Liabilities	$ 3,766,084	$ 9,501,145	$ 3,036,502	$ 10,601,393	$ 5,702,338	$ 432,301

NOTE 8 - LEASE OBLIGATIONS

A. Capital Lease Obligations - Capital lease obligations relating to copiers are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2015:

Fiscal Year	Amount
2016	$ 49,869
2017	49,869
2018	49,869
2019	49,869
2020	16,624
Total Minimum Lease Payments	216,100
Amount Representing Interest (4.00% & 6.95% Rates of Interest)	22,328
Present Value of Future Lease Payments	$ 193,772

Machinery and equipment acquired under capital lease amounted to $220,954 at June 30, 2015.

Depreciation for the capital assets associated with capital leases is included in depreciation expense, and accumulated depreciation for assets acquired under capital lease totaled $29,460 at June 30, 2015.

B. Operating Lease Obligations - The College entered into operating leases for equipment. Future minimum leases payments under noncancelable operating leases for June 30, 2015:

Fiscal Year	Amount
2016	$ 32,795
2017	29,556
2018	19,505
Total Minimum Lease Payments	$ 81,856

Rental expense for all operating leases during the year was $13,820.

NOTE 9 - REVENUES

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

	Gross Revenues	Sales Eliminations	Scholarship Discounts	Allowance for Uncollectibles	Net Revenues
Operating Revenues:					
Student Tuition and Fees	$ 12,694,606	$ -	$ 4,156,629	$ 229,340	$ 8,308,637
Sales and Services:					
Sales and Services of Auxiliary Enterprises:					
Bookstore	$ 4,118,364	$ 92,633	$ 1,899,336	$ 11,517	$ 2,114,878
Rent	296,813	-	-	-	296,813
Vending	64,824	-	-	-	64,824
Motor Pool	27,940	12,588	-	-	15,352
Other	2,411	-	-	-	2,411
Sales and Services of Education and Related Activities	510,118	4,658	-	744	504,716
Total Sales and Services	$ 5,020,470	$ 109,879	$ 1,899,336	$ 12,261	$ 2,998,994
Nonoperating - Noncapital Gifts	$ 814,295	$ -	$ -	$ -	$ 814,295
Capital Gifts	$ 151,770	$ -	$ -	$ -	$ 151,770

Note 10 - OPERATING EXPENSES BY FUNCTION

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

	Salaries and Benefits	Supplies and Materials	Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	$ 22,771,756	$ 2,878,568	$ 512,120	$ 483,884	$ -	$ -	$ 26,646,328
Academic Support	3,850,594	187,745	378,267	-	-	-	4,416,606
Student Services	3,443,712	107,373	404,408	60,036	-	-	4,015,529
Institutional Support	4,658,431	570,457	1,959,744	-	-	-	7,188,632
Operations & Maintenance of Plant	2,568,435	608,232	1,773,400	-	1,605,127	-	6,555,194
Student Financial Aid	-	-	106,103	6,097,250	-	-	6,203,353
Auxiliary Enterprises	263,027	4,056,367	62,621	-	-	-	4,382,015
Depreciation	-	-	-	-	-	3,179,183	3,179,183
Pension Expense	812,320	-	-	-	-	-	812,320
Total Operating Expenses	$ 38,368,275	$ 8,408,742	$ 5,196,663	$ 6,641,170	$ 1,605,127	$ 3,179,183	$ 63,399,160

NOTE 11 - PENSION PLANS

Defined Benefit Plan

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

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

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. The contribution rate for employers is set each year by the NC General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The College's contractually-required contribution rate for the year ended June 30, 2015 was 9.15% of covered payroll. The College's contributions to the pension plan were $2,137,175, and employee contributions were $1,401,428 for the year ended June 30, 2015.

The TSERS Plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2014 *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page http://www.osc.nc.gov/ and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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

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

Investment, Alternative Investment, Credit Investment, and Inflation Protection Investment portfolios. The investment balance of each pension trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2014 *Comprehensive Annual Financial Report*.

Net Pension Liability: At June 30, 2015, the College reported a liability of $1,834,956 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013, and update procedures were used to roll forward the total pension liability to June 30, 2014. The College's proportion of the net pension liability was based on the present value of future salaries for the College relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2014, the College's proportion was 0.15651%, which was an increase of 0.00001% from its proportion measured as of June 30, 2013.

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

Valuation Date	12/31/13
Inflation	3%
Salary Increases*	4.25% - 9.10%
Investment Rate of Return**	7.25%

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

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

The actuarial assumptions used in the December 31, 2013 valuations were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.5%
Global Equity	6.1%
Real Estate	5.7%
Alternatives	10.5%
Credit	6.8%
Inflation Protection	3.7%

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

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

Net Pension Liability (Asset)

1% Decrease (6.25%)	Rate (7.25%)	1% Increase (8.25%)
$13,172,585	$1,834,956	($7,816,276)

Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions: For the year ended June 30, 2015, the College recognized pension expense of $812,320. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ 427,718
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments (see note below)	-	6,199,646
Change in proportion and differences between agency's contributions and proportionate share of contributions	101,818	-
Contributions subsequent to the measurement date	2,225,719	-
Total	$ 2,327,537	$ 6,627,364

$2,225,719 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended

June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended June 30:		Amount
2016	$	(1,635,902)
2017		(1,635,902)
2018		(1,635,902)
2019		(1,617,840)
2020		-
Total	$	(6,525,546)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

A. Health Benefits - The College participates in the Comprehensive Major Medical Plan (the Plan), a cost-sharing, multiple-employer defined benefit health care plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System (TSERS). Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

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

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

For the current fiscal year the College contributed 5.49% of the covered payroll under TSERS to the Fund. Required contribution rates for the years ended June 30, 2014, and 2013, were 5.4% and 5.3%, respectively. The College made 100% of its annual required contributions to the Plan for the years ended June 30, 2015, 2014, and 2013, which were $1,282,305, $1,213,576, and $1,178,850, respectively. The College assumes no liability for retiree health care benefits provided by the programs other than its required contribution.

Additional detailed information about these programs can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page http://www.osc.nc.gov/ and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

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

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2015, the College made a statutory contribution of 0.41% of covered payroll under TSERS to the DIPNC. Required contribution rates for the years ended June 30, 2014, and 2013, were 0.44% in both years. The College made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2015, 2014, and 2013, which were $95,764, $98,884, and $97,789, respectively. The College assumes no liability for long-term disability benefits under the Plan other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*.

NOTE 13 - RISK MANAGEMENT

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

A. Employee Benefit Plans

1. State Health Plan

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

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.16% for the current fiscal year.

3. Dental Plan

The College's dental plan is self-funded and administered by the Sun Life and Health Insurance Company. The administrative fee includes aggregate stop loss protection.

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

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

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

2. Public Officers' and Employees' Liability Insurance

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

3. Employee Dishonesty and Computer Fraud

The College is protected for losses from employee dishonesty and computer fraud for employees paid in whole or in part from state funds. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. North Carolina Community College System Office is charged a premium by the private insurance company. Coverage limit is $5,000,000 per occurrence. The private insurance company pays 90% of each loss less a $75,000 deductible. Employee dishonesty insurance for employees paid from nonstate funds is purchased from Cincinnati Insurance Company with coverage of $25,000 per occurrence and a $1,000 deductible.

4. Statewide Workers' Compensation Program

The State Board of Community Colleges makes the necessary arrangements to carry out the provisions of the Workers' Compensation Act which are applicable to employees whose wages are paid in whole or in part from state funds. The College purchases workers' compensation insurance for employees whose salaries or wages are paid by the Board entirely from county or institutional funds.

Additional details on the state-administered risk management programs are disclosed in the State's *Comprehensive Annual Financial Report*, issued by the Office of the State Controller.

NOTE 14 - COMMITMENTS

The College has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $20,054 at June 30, 2015.

NOTE 15 - RELATED PARTIES

The Asheville-Buncombe Technical Community College Education and Entrepreneurial Development Foundation is a separately incorporated nonprofit foundation associated with the College. This organization serves as the primary fundraising arm of the College through which individuals, corporations, and other organizations support College programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific departments and the College's overall academic environment. The College's financial statements do not include the assets, liabilities, net position, or operational transactions of the Foundation, except for support from the Foundation. This support approximated $252,945 for the year ended June 30, 2015.

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT

The College implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ended June 30, 2015. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, is automatically implemented with GASB 68. It merely clarifies transition guidance for deferred outflow of resources related to employer contributions. The implementation of these Statements required the College to record beginning net pension liability and the effects on net position of contributions made by the College during the measurement period (fiscal year 2014). As a result, beginning net position decreased as follows:

		Amount
July 1, 2014 Net Position (as Previously Reported)	$	76,654,655
Net Pension Liability as of July 1, 2014		(9,501,145)
Contributions Made During Fiscal Year 2014		1,952,963
Net Position, July (as Adjusted)	$	69,106,473

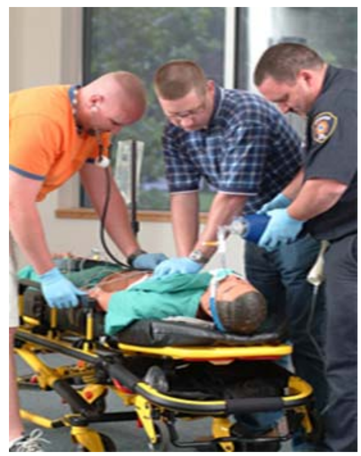
NOTE 17 - SUBSEQUENT EVENTS

The College receives awards from several federal and State grants. Periodic reviews of these grants occur and certain costs may be questioned as not being appropriate expenditures under the grant agreements. As a result of a review performed by the Department of Education (the DOE) in 2014, the DOE identified financial aid amounts paid to ineligible students. As a result, the College recorded an estimated liability for $738,314 in 2014. Subsequent to June 30, 2015, the College received the final determination from the DOE requiring the College to repay $670,738, which was paid in full in September 2015.

THIS PAGE INTENTIONALLY LEFT BLANK

MISSON

A-B Tech inspires, nurtures and empowers students and the community toward a better quality of life through progressive teaching, bold innovation and supportive collaboration.



REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

Schedule of the Proportionate Net Pension Liability
Teachers' and State Employees' Retirement System
Last Two Fiscal Years

	2014	2013
Proportionate share percentage of collective net pension liability	0.15651%	0.15650%
Proportionate Share of TSERS collective net pension liability	$ 1,834,956	$ 9,501,145
Covered-employee payroll	$ 24,324,796	$ 22,473,635
Net pension liability as a percentage of covered-employee payroll	7.54%	42.28%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

Schedule of College Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Contractually required contribution	$ 2,225,719	$ 1,952,959	$ 1,852,621	$ 1,574,204	$ 1,044,931
Contributions in relation to the contractually determined contribution	2,137,175	1,952,959	1,852,615	1,574,204	1,023,611
Contribution deficiency (excess)	$ 88,544	$ -	$ 6	$ -	$ 21,320
Covered-employee payroll	$ 24,324,796	$ 22,473,635	$ 22,240,354	$ 21,158,659	$ 21,195,359
Contributions as a percentage of covered-employee payroll	9.15%	8.69%	8.33%	7.44%	4.93%

	2010	2009	2008	2007	2006
Contractually required contribution	$ 748,277	$ 702,384	$ 609,748	$ 488,502	$ 382,766
Contributions in relation to the actuarially determined contribution	748,277	702,384	609,748	488,502	382,766
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 20,960,143	$ 20,904,286	$ 19,991,739	$ 18,364,718	$ 16,357,519
Contributions as a percentage of covered-employee payroll	3.57%	3.36%	3.05%	2.66%	2.34%

Schedule of College Contributions
Teachers' and State Employees' Retirement System

For the Fiscal Year Ended June 30, 2015

Changes of Benefit Terms:

Cost of Living Increase

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

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

MISSON

A-B Tech inspires, nurtures and empowers students and the community toward a better quality of life through progressive teaching, bold innovation and supportive collaboration.

COMPLIANCE SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

DIXON HUGHES GOODMAN LLP

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

To the Board of Trustees of
Asheville-Buncombe Technical Community College
Asheville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Asheville-Buncombe Technical Community College (the "College"), a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 4, 2016. As described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

DIXON HUGHES GOODMAN LLP

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Recommendations as Finding 2015-001.

College's Response to Findings

The College's response to the finding identified in our audit is described in the accompanying Summary of Findings and Recommendations. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Dixon Hughes Goodman LLP

Asheville, North Carolina
February 4, 2016

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE

Schedule of Findings and Recommendations

For the year ended June 30, 2015

Section I–Summary of Auditors' Results

The auditors' report issued on the financial statements was unmodified.

The auditors' report in accordance with *Government Auditing Standards* disclosed:

- No material weaknesses in internal controls over financial reporting.
- We noted no significant deficiencies in internal controls over financial reporting.
- We noted one instance of non-compliance that is considered material to the financial statements.

Section II–Financial Statement Findings

Finding 2015-001: Financial Aid Program Review

<u>Material Non-compliance</u>

Criteria:	Asheville Buncombe Technical Community College (the "College") receives federal awards from the U.S. Department of Education (the "Department"). As a recipient of these funds, the College must comply with federal regulations as they pertain to the administration of Title IV programs.
Condition:	As reported in 2014, the Department performed a program review in which it identified 23 initial findings. These findings are not final until the Department issues a "Final Program Review Determination" letter.
Effect:	In 2014, the College accrued an estimated liability in the amount of $738,314 for federal funds it expects to be returned to the Department. Subsequent to June 30, 2015, the College received a final determination from the Department requiring the College to repay $670,738 and the accrued liability was adjusted accordingly.
Cause:	Noncompliance with Title IV regulations as cited in the Department's report.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE

Schedule of Findings and Recommendations

For the year ended June 30, 2015

Section II–Financial Statement Findings (Continued)

Recommendation: In 2014, we recommended the College address the issues noted in the Department's report and implement the necessary corrective action.

Management's Response and corrective action: The Department approved the College's Corrective Action Plan and issued a final determination subsequent to June 30, 2015 requiring the College to repay $670,738 which was repaid in September 2015. In addition, through our annual internal control program required by the Office of State Controller (e.g. EAGLE) we will review independently the effectiveness of the corrective action plan in FY 15-16 and determine if revisions or other actions are necessary to insure ongoing compliance.

Section III – Compliance with North Carolina General Statutes

In accordance with North Carolina General Statute 147-64.6D this audit required 210 hours and a total cost of approximately $47,800.