
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Primary Government. A summary of changes in capital assets for the year ended June 30, 2002 is presented below (dollars in thousands).

Governmental Activities:	Balance, restated			Balance
	July 1, 2001	Additions	Deductions	June 30, 2002
Capital Assets, non-depreciable:				
Land	\$ 6,626,188	\$ 603,016	\$ 19,762	\$ 7,209,442
Art, literature, and other artifacts	28,531	—	—	28,531
Construction in progress	1,436,410	1,294,144	1,275,639	1,454,915
Capital Assets, depreciable:				
Buildings	1,822,980	51,231	11,919	1,862,292
Machinery and equipment	1,434,927	82,623	89,533	1,428,017
Intangibles	201,999	6,440	105	208,334
Art, literature, and other artifacts	97	—	—	97
General infrastructure	170,350	5,133	2,968	172,515
State highway system	14,510,050	1,231,404	—	15,741,454
Total at historical cost	<u>26,231,532</u>	<u>3,273,991</u>	<u>1,399,926</u>	<u>28,105,597</u>
Less accumulated depreciation for:				
Buildings	(494,932)	(42,188)	(4,716)	(532,404)
Machinery and equipment	(785,035)	(143,585)	(76,485)	(852,135)
Intangibles	(96,691)	(5,056)	(42)	(101,705)
Art, literature, and other artifacts	(29)	(5)	—	(34)
General infrastructure	(76,816)	(8,118)	(128)	(84,806)
State highway system	(3,880,104)	(314,829)	—	(4,194,933)
Total accumulated depreciation	<u>(5,333,607)</u>	<u>(513,781)</u>	<u>(81,371)</u>	<u>(5,766,017)</u>
Governmental activities capital assets, net	<u>\$ 20,897,925</u>	<u>\$ 2,760,210</u>	<u>\$ 1,318,555</u>	<u>\$ 22,339,580</u>

For governmental activities, the July 1, 2001 the capital assets balance as previously reported was \$3.8 billion. As a result of GASB Statement No. 34 implementation, July 1 total capital assets at historical cost were restated as \$26.2 billion. The restatement included \$22.2 billion of North Carolina Department of Transportation infrastructure including land, construction in progress, and the State highway system. Internal service fund assets of \$335 million were also included in the restatement related to governmental activities.

NOTES TO THE FINANCIAL STATEMENTS

Business-type Activities:	Balance, restated			Balance
	July 1, 2001	Additions	Deductions	June 30, 2002
Capital Assets, non-depreciable:				
Land	\$ 2,563	\$ —	\$ —	\$ 2,563
Construction in progress	10,431	5,577	333	15,675
Capital Assets, depreciable:				
Buildings	30,404	1	—	30,405
Machinery and equipment	3,046	187	—	3,233
General infrastructure	18,543	333	—	18,876
Total at historical cost	64,987	6,098	333	70,752
Less accumulated depreciation for:				
Buildings	(13,220)	(810)	(1)	(14,029)
Machinery and equipment	(2,618)	(75)	(176)	(2,517)
General infrastructure	(10,823)	(1,029)	(4)	(11,848)
Total accumulated depreciation	(26,661)	(1,914)	(181)	(28,394)
Business-type activities capital assets, net	\$ 38,326	\$ 4,184	\$ 152	\$ 42,358

For *business-type activities*, the July 1, 2001 the capital assets balance for proprietary funds as previously reported was \$401 million. As a result of GASB Statement No. 34 implementation, July 1 capital assets at historical cost were restated as \$65 million. The restated amount reflects the restatement of \$335 million of internal service fund assets now included in governmental activities.

Depreciation expense was charged to functions/programs of the primary government as follows:**Governmental activities:**

General government	\$ 62,669
Primary and secondary	1,039
Health and human services	12,013
Economic development	2,231
Environment and natural resources	22,289
Public safety	38,374
Transportation	371,936
Agriculture	3,230
Total depreciation expense	\$ 513,781

Business-type activities:

Town of Butner Water and Sewer	\$ 619
N.C. State Fair	469
USS North Carolina Battleship Commission	307
Agricultural Farmers Market	455
Other business-type activities	64
Total depreciation expense	\$ 1,914

NOTES TO THE FINANCIAL STATEMENTS

Component Units (University of North Carolina System and Community Colleges). Capital asset activity for the University of North Carolina System and Community Colleges for the fiscal year ended June 30, 2002, was as follows:

University of North Carolina System:	Balance, restated			Balance
	July 1, 2001	Additions	Deductions	June 30, 2002
Capital Assets, non-depreciable:				
Land	\$ 122,199	\$ 7,262	\$ 111	\$ 129,350
Art, literature, and other artifacts	116,197	3,417	34,761	84,853
Construction in progress	445,099	423,130	222,064	646,165
Capital Assets, depreciable:				
Buildings	3,314,171	226,098	9,568	3,530,701
Machinery and equipment	1,033,704	131,486	77,053	1,088,137
Intangibles	1,000	—	—	1,000
Art, literature, and other artifacts	945	460	7	1,398
General infrastructure	524,209	34,254	204	558,259
Total at historical cost	5,557,524	826,107	343,768	6,039,863
Less accumulated depreciation for:				
Buildings	(1,181,590)	(91,952)	(3,215)	(1,270,327)
Machinery and equipment	(664,932)	(117,462)	(98,115)	(684,279)
Art, literature, and other artifacts	(253)	(125)	(7)	(371)
General infrastructure	(180,028)	(19,869)	(210)	(199,687)
Total accumulated depreciation	(2,026,803)	(229,408)	(101,547)	(2,154,664)
University of North Carolina System capital assets, net	<u>\$ 3,530,721</u>	<u>\$ 596,699</u>	<u>\$ 242,221</u>	<u>\$ 3,885,199</u>

For the **University of North Carolina System**, the July 1, 2001 the capital assets balance as previously reported was \$5.9 billion. As a result of GASB Statement No. 34 implementation, July 1 total capital assets at historical cost were restated as \$5.6 billion. Art, literature, and artifacts were reduced by \$614 million. Buildings were increased by \$130 million, and machinery and equipment increased by \$201 million.

Community Colleges:	Balance, restated			Balance
	July 1, 2001	Additions	Deductions	June 30, 2002
Capital Assets, non-depreciable:				
Land	\$ 69,118	\$ 3,412	\$ 21	\$ 72,509
Art, literature, and other artifacts	9,227	55	7,868	1,414
Construction in progress	68,210	69,839	47,579	90,470
Capital Assets, depreciable:				
Buildings	993,690	55,037	1,093	1,047,634
Machinery and equipment	144,812	211	1,634	143,389
Art, literature, and other artifacts	1,988	3,097	233	4,852
General infrastructure	48,241	14,802	6,874	56,169
Total at historical cost	1,335,286	146,453	65,302	1,416,437
Less accumulated depreciation for:				
Buildings	(270,536)	(33,593)	(320)	(303,809)
Machinery and equipment	(75,052)	(12,700)	(4,457)	(83,295)
Art, literature, and other artifacts	(8)	(3)	—	(11)
General infrastructure	(20,868)	(2,238)	(249)	(22,857)
Total accumulated depreciation	(366,464)	(48,534)	(5,026)	(409,972)
Community Colleges capital assets, net	<u>\$ 968,822</u>	<u>\$ 97,919</u>	<u>\$ 60,276</u>	<u>\$ 1,006,465</u>

For the **community colleges**, the July 1, 2001 the capital assets balance as previously reported was \$1.4 billion. As a result of GASB Statement No. 34 implementation, July 1 total capital assets at historical cost were restated as \$1.3 billion. Art, literature, and artifacts were reduced by \$60 million. Buildings were increased by \$30 million, and construction in progress was decreased by \$34 million.