
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Primary Government. A summary of changes in capital assets for the year ended June 30, 2005 is presented below (dollars in thousands).

Governmental Activities:	Balance July 1, 2004 (as restated)	Additions	Deductions	Balance June 30, 2005
Capital Assets, nondepreciable:				
Land	\$ 8,300,655	\$ 614,076	\$ (2,578)	\$ 8,912,153
Art, literature, and other artifacts	46,193	1,808	(2)	47,999
Construction in progress	1,634,928	1,710,966	(1,374,688)	1,971,206
Total capital assets-nondepreciable	<u>9,981,776</u>	<u>2,326,850</u>	<u>(1,377,268)</u>	<u>10,931,358</u>
Capital Assets, depreciable:				
Buildings	2,205,086	112,115	(17,542)	2,299,659
Machinery and equipment	1,509,421	139,588	(147,473)	1,501,536
Intangibles	203,403	4,663	(7,919)	200,147
General infrastructure	171,160	9,849	(3,620)	177,389
State highway system	18,102,020	1,352,133	(34,433)	19,419,720
Total capital assets-depreciable	<u>22,191,090</u>	<u>1,618,348</u>	<u>(210,987)</u>	<u>23,598,451</u>
Less accumulated depreciation for:				
Buildings	(626,337)	(44,790)	1,350	(669,777)
Machinery and equipment	(948,486)	(112,601)	78,910	(982,177)
Intangibles	(96,897)	(4,888)	7,676	(94,109)
General infrastructure	(94,069)	(5,748)	79	(99,738)
State highway system	(4,817,753)	(388,394)	33,746	(5,172,401)
Total accumulated depreciation	<u>(6,583,542)</u>	<u>(556,421)</u>	<u>121,761</u>	<u>(7,018,202)</u>
Total capital assets-depreciable, net	<u>15,607,548</u>	<u>1,061,927</u>	<u>(89,226)</u>	<u>16,580,249</u>
Governmental activities capital assets, net	<u>\$ 25,589,324</u>	<u>\$ 3,388,777</u>	<u>\$ (1,466,494)</u>	<u>\$ 27,511,607</u>

NOTES TO THE FINANCIAL STATEMENTS

Business-type Activities:

	Balance July 1, 2004 (as restated)	Additions	Deductions	Balance June 30, 2005
Capital Assets, nondepreciable:				
Land	\$ 3,113	\$ 33	\$ —	\$ 3,146
Construction in progress	24,534	663	(23,386)	1,811
Total capital assets-nondepreciable	<u>27,647</u>	<u>696</u>	<u>(23,386)</u>	<u>4,957</u>
Capital Assets, depreciable:				
Buildings	33,982	—	—	33,982
Machinery and equipment	5,706	179	(223)	5,662
General infrastructure	23,881	23,422	—	47,303
Intangible Assets	—	1,569	—	1,569
Total capital assets-depreciable	<u>63,569</u>	<u>25,170</u>	<u>(223)</u>	<u>88,516</u>
Less accumulated depreciation for:				
Buildings	(17,657)	(815)	—	(18,472)
Machinery and equipment	(3,751)	(278)	174	(3,855)
General infrastructure	(14,635)	(1,866)	—	(16,501)
Total accumulated depreciation	<u>(36,043)</u>	<u>(2,959)</u>	<u>174</u>	<u>(38,828)</u>
Total capital assets-depreciable, net	<u>27,526</u>	<u>22,211</u>	<u>(49)</u>	<u>49,688</u>
Business-type activities capital assets, net	<u>\$ 55,173</u>	<u>\$ 22,907</u>	<u>\$ (23,435)</u>	<u>\$ 54,645</u>

Depreciation expense was charged to functions/programs of the primary government as follows (dollars in thousands):

Governmental activities:

General government	\$ 37,449
Primary and secondary education	2,209
Higher Education	86
Health and human services	13,380
Economic development	1,470
Environment and natural resources	11,426
Public safety, correction, and regulation	41,556
Transportation	445,166
Agriculture	3,679
Total depreciation expense	<u>\$ 556,421</u>

Business-type activities:

Town of Butner Water and Sewer	\$ 1,665
N.C. State Fair	527
USS North Carolina Battleship Commission	127
Agricultural Farmers Market	293
EPA Revolving Loan Fund	22
State Banking Commission	8
ABC Commission	119
Utilities Commission	128
Other business-type activities	70
Total depreciation expense	<u>\$ 2,959</u>

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, 2005, was as follows (dollars in thousands):

University of North Carolina System:	Balance			Balance
	July 1, 2004	Additions	Deductions	June 30, 2005
	(as restated)			
Capital Assets, nondepreciable:				
Land	\$ 163,769	\$ 29,602	\$ (1,406)	\$ 191,965
Art, literature, and other artifacts	96,288	2,165	(146)	98,307
Construction in progress	961,393	791,386	(701,340)	1,051,439
Total capital assets-nondepreciable	<u>1,221,450</u>	<u>823,153</u>	<u>(702,892)</u>	<u>1,341,711</u>
Capital Assets, depreciable:				
Buildings	4,396,818	796,399	(11,930)	5,181,287
Machinery and equipment	1,215,270	128,462	(56,421)	1,287,311
Intangibles	1,000	—	—	1,000
Art, literature, and other artifacts	1,724	183	—	1,907
General infrastructure	724,953	80,624	(1,259)	804,318
Total capital assets-depreciable	<u>6,339,765</u>	<u>1,005,668</u>	<u>(69,610)</u>	<u>7,275,823</u>
Less accumulated depreciation for:				
Buildings	(1,466,560)	(128,819)	6,625	(1,588,754)
Machinery and equipment	(771,513)	(106,687)	43,480	(834,720)
Art, literature, and other artifacts	(653)	(148)	—	(801)
General infrastructure	(245,633)	(25,989)	560	(271,062)
Total accumulated depreciation	<u>(2,484,359)</u>	<u>(261,643)</u>	<u>50,665</u>	<u>(2,695,337)</u>
Total capital assets-depreciable, net	<u>3,855,406</u>	<u>744,025</u>	<u>(18,945)</u>	<u>4,580,486</u>
University of North Carolina System capital assets, net	<u>\$ 5,076,856</u>	<u>\$ 1,567,178</u>	<u>\$ (721,837)</u>	<u>\$ 5,922,197</u>

Capital assets of nongovernmental component units of the University of North Carolina System are excluded from the above amounts. At June 30, 2005, nongovernmental component unit foundations and similarly affiliated organizations of the University of North Carolina System had nondepreciable capital assets of \$59.388 million and net depreciable capital assets of \$126.822 million.

NOTES TO THE FINANCIAL STATEMENTS

Community Colleges:

	Balance July 1, 2004 (as restated)	Additions	Deductions	Balance June 30, 2005
Capital Assets, nondepreciable:				
Land	\$ 88,777	\$ 8,044	\$ (42)	\$ 96,779
Art, literature, and other artifacts	474	—	—	474
Construction in progress	109,408	167,001	(40,302)	236,107
Total capital assets-nondepreciable	<u>198,659</u>	<u>175,045</u>	<u>(40,344)</u>	<u>333,360</u>
Capital Assets, depreciable:				
Buildings	1,283,537	55,018	(2,013)	1,336,542
Machinery and equipment	173,882	15,264	(4,634)	184,512
Art, literature, and other artifacts	46	—	—	46
General infrastructure	65,206	3,638	(21)	68,823
Total capital assets-depreciable	<u>1,522,671</u>	<u>73,920</u>	<u>(6,668)</u>	<u>1,589,923</u>
Less accumulated depreciation for:				
Buildings	(391,446)	(33,014)	592	(423,868)
Machinery and equipment	(102,430)	(13,685)	3,706	(112,409)
Art, literature, and other artifacts	(15)	(3)	—	(18)
General infrastructure	(31,022)	(3,279)	130	(34,171)
Total accumulated depreciation	<u>(524,913)</u>	<u>(49,981)</u>	<u>4,428</u>	<u>(570,466)</u>
Total capital assets-depreciable, net	<u>997,758</u>	<u>23,939</u>	<u>(2,240)</u>	<u>1,019,457</u>
Community Colleges capital assets, net	<u>\$ 1,196,417</u>	<u>\$ 198,984</u>	<u>\$ (42,584)</u>	<u>\$ 1,352,817</u>

Capital assets of nongovernmental component units of community colleges are excluded from the above amounts. At June 30, 2005, nongovernmental component unit foundations and similarly affiliated organizations of community colleges had nondepreciable capital assets of \$1.695 million and net depreciable capital assets of \$1.234 million.