NOTE 5: CAPITAL ASSETS

Primary Government. A summary of changes in capital assets for the year ended June 30, 2009 is presented below (dollars in thousands).

Governmental Activities:	Balance July 1, 2008 (as restated)	Additions	Deductions	Balance June 30, 2009
Capital Assets, nondepreciable:				
Land	$ 10,676,804	$ 589,375	$ (43,765)	$ 11,222,414
Art, literature, and other artifacts	66,389	2,941	(2,168)	67,162
Construction in progress	2,100,567	1,542,451	(1,580,331)	2,062,687
Total capital assets-nondepreciable	12,843,760	2,134,767	(1,626,264)	13,352,263
Capital Assets, depreciable:				
Buildings	2,593,131	211,227	(5,240)	2,799,118
Machinery and equipment	1,668,626	119,793	(154,525)	1,633,894
Intangibles	197,032	5,245	(4,352)	197,925
General infrastructure	174,921	8,454	(1,395)	181,980
State highway system	23,429,583	1,448,450	(61,055)	24,816,978
Total capital assets-depreciable	28,063,293	1,793,169	(226,567)	29,629,895
Less accumulated depreciation for:				
Buildings	(727,786)	(50,693)	3,795	(774,684)
Machinery and equipment	(984,797)	(115,237)	135,805	(964,229)
Intangibles	(93,609)	(4,693)	4,205	(94,097)
General infrastructure	(77,829)	(4,675)	599	(81,905)
State highway system	(6,347,627)	(496,339)	59,834	(6,784,132)
Total accumulated depreciation	(8,231,648)	(671,637)	204,238	(8,699,047)
Total capital assets-depreciable, net	19,831,645	1,121,532	(22,329)	20,930,848
Governmental activities capital assets, net	$ 32,675,405	$ 3,256,299	$ (1,648,593)	$ 34,283,111

NOTES TO THE FINANCIAL STATEMENTS

Business-type Activities:	Balance July 1, 2008 (as restated)	Additions	Deductions	Balance June 30, 2009
Capital Assets, nondepreciable:				
Land	$ 3,452	$ —	$ —	$ 3,452
Construction in progress	532	—	—	532
Total capital assets-nondepreciable	3,984	—	—	3,984
Capital Assets, depreciable:				
Buildings	35,862	—	(443)	35,419
Machinery and equipment	7,226	462	(327)	7,361
General infrastructure	15,752	—	—	15,752
Total capital assets-depreciable	58,840	462	(770)	58,532
Less accumulated depreciation for:				
Buildings	(18,585)	(691)	444	(18,832)
Machinery and equipment	(3,188)	(710)	332	(3,566)
General infrastructure	(8,988)	(518)	—	(9,506)
Total accumulated depreciation	(30,761)	(1,919)	776	(31,904)
Total capital assets-depreciable, net	28,079	(1,457)	6	26,628
Business-type activities capital assets, net	$ 32,063	$ (1,457)	$ 6	$ 30,612

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

Governmental activities:	
General government	$ 37,410
Primary and secondary education	364
Higher education	50
Health and human services	11,034
Economic development	826
Environment and natural resources	12,090
Public safety, corrections, and regulation	49,857
Transportation	556,404
Agriculture	3,602
Total depreciation expense	$ 671,637

Business-type activities:	
N.C. State Fair	$ 667
USS North Carolina Battleship Commission	115
Agricultural Farmers Market	335
EPA Revolving Loan Fund	20
State Banking Commission	4
ABC Commission	116
Utilities Commission	6
N.C. State Lottery	544
Other business-type activities	112
Total depreciation expense	$ 1,919

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, 2009, was as follows (dollars in thousands):

University of North Carolina System:	Balance July 1, 2008 (as restated)	Additions	Deductions	Balance June 30, 2009
Capital Assets, nondepreciable:				
Land	$ 227,408	$ 15,330	$ (1,742)	$ 240,996
Art, literature, and other artifacts	123,718	6,226	(5)	129,939
Intangibles	16,608	17,224	—	33,832
Construction in progress	1,288,565	563,973	(603,940)	1,248,598
Total capital assets-nondepreciable	1,656,299	602,753	(605,687)	1,653,365
Capital Assets, depreciable:				
Buildings	7,412,434	735,752	(43,019)	8,105,167
Machinery and equipment	1,556,101	154,289	(63,750)	1,646,640
Art, literature, and other artifacts	2,391	155	—	2,546
General infrastructure	990,216	73,619	(417)	1,063,418
Total capital assets-depreciable	9,961,142	963,815	(107,186)	10,817,771
Less accumulated depreciation for:				
Buildings	(2,030,059)	(184,716)	10,777	(2,203,998)
Machinery and equipment	(965,511)	(113,285)	52,918	(1,025,878)
Art, literature, and other artifacts	(1,250)	(155)	—	(1,405)
General infrastructure	(349,651)	(31,699)	352	(380,998)
Total accumulated depreciation	(3,346,471)	(329,855)	64,047	(3,612,279)
Total capital assets-depreciable, net	6,614,671	633,960	(43,139)	7,205,492
University of North Carolina System capital assets, net	$ 8,270,970	$ 1,236,713	$ (648,826)	$ 8,858,857

Capital assets of nongovernmental component units of the University of North Carolina System are excluded from the above amounts. At June 30, 2009, nongovernmental component unit foundations and similarly affiliated organizations of the University of North Carolina System had nondepreciable capital assets of $41.124 million and net depreciable capital assets of $135.378 million.

Community Colleges:	Balance July 1, 2008 (as restated)	Additions	Deductions	Balance June 30, 2009
Capital Assets, nondepreciable:				
Land	$ 124,344	$ 23,492	$ (2,586)	$ 145,250
Art, literature, and other artifacts	345	—	—	345
Construction in progress	145,009	140,573	(124,820)	160,762
Total capital assets-nondepreciable	269,698	164,065	(127,406)	306,357
Capital Assets, depreciable:				
Buildings	1,806,254	150,991	(300)	1,956,945
Machinery and equipment	233,961	25,756	(6,894)	252,823
Art, literature, and other artifacts	396	55	—	451
General infrastructure	118,042	5,735	(194)	123,583
Total capital assets-depreciable	2,158,653	182,537	(7,388)	2,333,802
Less accumulated depreciation for:				
Buildings	(438,312)	(40,114)	1,267	(477,159)
Machinery and equipment	(95,262)	(16,240)	5,368	(106,134)
Art, literature, and other artifacts	(42)	(10)	—	(52)
General infrastructure	(28,212)	(3,155)	126	(31,241)
Total accumulated depreciation	(561,828)	(59,519)	6,761	(614,586)
Total capital assets-depreciable, net	1,596,825	123,018	(627)	1,719,216
Community Colleges capital assets, net	$ 1,866,523	$ 287,083	$ (128,033)	$ 2,025,573

Capital assets of nongovernmental component units of community colleges are excluded from the above amounts. At June 30, 2009, nongovernmental component unit foundations and similarly affiliated organizations of community colleges had nondepreciable capital assets of $3.076 million and net depreciable capital assets of $7.170 million.