



STATE OF NORTH CAROLINA

FINANCIAL STATEMENT REVIEW REPORT OF

WAYNE COMMUNITY COLLEGE

GOLDSBORO, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2002

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

FINANCIAL STATEMENT REVIEW REPORT OF

WAYNE COMMUNITY COLLEGE

GOLDSBORO, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2002

STATE BOARD OF COMMUNITY COLLEGES

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

H. MARTIN LANCASTER, PRESIDENT

BOARD OF TRUSTEES

RAY N. ROUSE, III, CHAIRMAN

CLEVE PAUL, VICE CHAIRMAN

**PATRICIA A. BURDEN
TOMMY COX
W. TIMOTHY HAITHCOCK
TOMMY JARRETT
CLAUDIA KADIS**

**BOBBY REX KORNEGAY
BEA LAMB
RANDY McCULLEN
JEROME SHIPMAN
M. KEITH STEWART**

ADMINISTRATIVE OFFICERS

DR. EDWARD H. WILSON, JR., PRESIDENT

ALICE W. WADSWORTH, CHIEF FINANCIAL OFFICER



Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet <http://www.osa.state.nc.us>

REVIEWER'S TRANSMITTAL

The Honorable Michael F. Easley, Governor
The General Assembly of North Carolina
Board of Trustees, Wayne Community College

This report presents the results of our financial statement review of Wayne Community College, a component unit of the State of North Carolina, for the year ended June 30, 2002. Our review was made by authority of Article 5A of Chapter 147 of the General Statutes.

The accounts and operations of the College are an integral part of the State's reporting entity represented in the State's *Comprehensive Annual Financial Report (CAFR)* and the State's *Single Audit Report*. In those reports, the State Auditor expresses an opinion on the State's financial statements. In the *Single Audit Report*, the State Auditor also presents the audit results on the State's internal controls and on the State's compliance with laws, regulations, contracts, and grants applicable to the State's financial statements and to its federal financial assistance programs.

As part of the work necessary for the CAFR and the *Single Audit Report*, the accounts and operations of the College were subjected to review procedures as we considered necessary. In addition, we performed review procedures that we considered necessary for us to report on the accompanying financial statements that relate solely to Wayne Community College. The review procedures were conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

The purpose of this report is to present the results of our review of the accompanying financial statements that relate solely to Wayne Community College. Our reporting objectives and review results are:

- 1. Objective** - To disclose any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Results - We are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. These matters are more fully described in the Independent Accountant's Review Report on the financial statements.

REVIEWER'S TRANSMITTAL (CONCLUDED)

2. **Objective** – To present significant deficiencies, if any, in internal control over financial reporting which could adversely affect the College's ability to record, process, summarize, and report financial data in the financial statements and present instances of noncompliance, if any, with laws, regulations, contracts, or grants that came to our attention during our review of the financial statements.

Results - Our review disclosed no material weaknesses in internal control over financial reporting and no instances of noncompliance which require disclosure herein under *Government Auditing Standards*.

North Carolina General Statutes require the State Auditor to make reports available to the public. Copies of review reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.



Ralph Campbell, Jr.
State Auditor

TABLE OF CONTENTS

	PAGE
INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	3
FINANCIAL STATEMENTS	
Exhibits	
A Statement of Net Assets.....	6
B Statement of Revenues, Expenses, and Changes in Net Assets	7
C Statement of Cash Flows	8
Notes to the Financial Statements.....	11
SUPPLEMENTARY INFORMATION	
Schedule	
1 Schedule of General Obligation Bond Project Authorizations, Budgets, and Expenditures.....	26
DISTRIBUTION OF REVIEW REPORT	27

STATE OF NORTH CAROLINA
Office of the State Auditor



Ralph Campbell, Jr.
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet <http://www.osa.state.nc.us>

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees
Wayne Community College
Goldsboro, North Carolina

We have reviewed the accompanying Statement of Net Assets of Wayne Community College, a component unit of the State of North Carolina, as of June 30, 2002, and the related Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Cash Flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the College's management.

A review consists principally of inquiries of College personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 3 to 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Our review was conducted for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with generally accepted accounting principles. Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

A handwritten signature in black ink that reads "Ralph Campbell, Jr." in a cursive style.

Ralph Campbell, Jr.
State Auditor

March 26, 2003

[This Page Left Blank Intentionally]

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wayne Community College is located in Eastern North Carolina. The College is in the city limits of Goldsboro and serves a population of approximately 100,000 Wayne county citizens. The College employ's nearly 250 full time employees and approximately 300 part time employees on a monthly basis. The campus was relocated to its current site in the fall of 1989. College facilities have been an asset to the citizens of Wayne County.

Financial Statements

Exhibits A, B and C were prepared for fiscal year ended June 30, 2002 in accordance with directions as provided by the North Carolina State Auditor's office and the Office of the State Controller. The North Carolina Community College system implemented GASB Statement 34 and 35 requirements with this reporting period.

Total Assets

The College has experienced growth over the last two fiscal years and has maintained a fairly constant enrollment for the Fall and Spring semesters. Head count for the curriculum programs have increased by an average of 50 students with Continuing Education classes and student head count has a higher percentage. In the fall of 2000, the College offered 543 continuing education classes and served 5,100 students. In the Fall of 2001 those classes increased by 5% (572 classes). The increase in classes resulted in an increase in student enrollments by 10% (5,600 students).

Cash and Cash equivalents increased over this period of time by \$68,522. This increase is due mainly from the increase in bookstore sales. Cash in bank increased from \$190,000 to \$279,000 while bookstore sales increased by 20%.

Restricted Cash and Cash equivalents was extremely high at the end of June 2002. The college received federal grants from Eastern Carolina Workforce Development Board by for the Workforce Investment Act. These grants totaled \$425,922 compared to \$162,005 received during last fiscal year. These grants are on a reimbursement basis and reimbursements were prepared several times during June. The funding agency could not process reimbursements prior to the end of the fiscal year.

Capital Projects

The College's portion of the statewide bond referendum was approximately \$12,990,000. The college is obligating these funds within the limits of availability. During the fiscal year, land was purchased at a cost of \$725,000. Plans are being completed for a new child care center, an addition to the Dental Clinic area and a variety of repairs and renovations projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Unrestricted

The unrestricted fund balance increased by \$129,303. This increase is due to the increase in sales both for the Bookstore and Vending and Food services. The College is also allowed to hold any unused county appropriated funds. These funds are carried forward to the next fiscal year for use with maintaining the College facilities.

Federal Grants and Contracts

In addition to the increase in WIA grants, the College also received over \$492,000 more in Pell funds this fiscal year over last fiscal year. This growth is due to the state of the economy and the increase in student enrolments.

State and Local Grants

The College wrote and received grants from State funding sources for a Smart Start program of Child Care Professional Development and a grant to us as "Educational Incentives" for the Adult High School program. These two grants total \$58,600. The funds were extremely useful during a budget crisis as we experienced this year.

Depreciation

With the implementation of GASB Statement 34 and 35, the College began depreciating fixed assets. Buildings, equipment and infrastructure were depreciated, based on rates provided by the North Carolina Community College System, for a total of \$991,055. Prior year depreciation was recorded as a restatement.

Noncapital Gifts

The Foundation of Wayne Community College has proved to be invaluable when referring to student scholarship funds. The foundation gave \$200,835 to the College this year with the majority of the funds to be used for student scholarships. During the 2002 school year, \$177,130 was awarded to students compared to \$74,000 last fiscal year.

State Capital Aid

The increase to this line item is contributable to capital construction expenditures. One item alone was for \$725,000 for the purchase of land adjoining the College.

Additions to Permanent Endowments

Private gifts to the College as a restricted gift to an established endowment totals \$4,285. These gifts from the Ruby Godfrey Pinkham family and the Dameron family were given so that interest earned from the accounts could be used to provide student aid and scholarships. The total endowments for the College now totals \$72,555.

Financial Analysis

Comparative data is not required in the first year that MD&A is presented. In future years, prior year and current year comparative data will be presented.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)

Condensed financial statements:

	<u>2002</u>
Current Assets	\$ 1,205,908.20
Non-current Assets	
Capital Assets, net	23,165,855.55
Other	<u>206,176.84</u>
Total Assets	24,577,940.59
Current Liabilities	265,967.00
Non-current Liabilities	<u>401,817.20</u>
Total Liabilities	667,784.20
Net Assets	
Invested in Capital Assets	23,155,911.90
Restricted	196,636.07
Unrestricted	<u>557,608.42</u>
Total Net Assets	23,910,156.39
Operating Revenue	
Tuition and Fees	2,057,321.87
Federal Grants and Contracts	3,362,619.52
State Grants and Contracts	274,541.31
Auxiliary	1,046,559.76
Other	<u>110,495.17</u>
Total	6,851,537.63
Less Operating Expenses	21,241,131.15
Net Loss	(14,389,593.52)
Non-Operating Revenue	
State Aid	12,283,685.47
County Appropriations	1,914,906.52
Gifts	215,451.32
Investment Income	34,644.17
Other	<u>28,055.32</u>
Total	14,476,742.80
Increase in Net Assets	87,149.28
Net Assets, Beginning	34,382,675.28
Restatements	<u>(10,559,668.17)</u>
Net Assets, Ending	<u>\$ 23,910,156.39</u>

Wayne Community College		
Statement of Net Assets		
June 30, 2002		Exhibit A
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 519,931.67	
Restricted Cash and Cash Equivalents	28,452.27	
Receivables, Net (Note 4)	234,536.73	
Due from Primary Government	4,611.18	
Due from State of North Carolina Component Units	2,086.02	
Inventories	416,290.33	
Total Current Assets	1,205,908.20	
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	101,159.55	
Receivables, Net (Note 4)	47.85	
Restricted Due from Primary Government	104,969.44	
Capital Assets, Net (Note 5)	23,165,855.55	
Total Noncurrent Assets	23,372,032.39	
Total Assets	24,577,940.59	
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)	244,204.93	
Due to Primary Government	1,930.18	
Funds Held for Others	2,427.86	
Long-Term Liabilities - Current Portion (Note 7)	17,404.03	
Total Current Liabilities	265,967.00	
Noncurrent Liabilities:		
Funds Held for Others	16,917.26	
Long-Term Liabilities (Note 7)	384,899.94	
Total Noncurrent Liabilities	401,817.20	
Total Liabilities	667,784.20	
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	23,155,911.90	
Restricted For:		
Nonexpendable:		
Scholarships and Fellowships	72,690.00	
Expendable:		
Scholarships and Fellowships	27,855.27	
Loans	(340.00)	
Capital Projects	96,430.80	
Unrestricted	557,608.42	
Total Net Assets	\$ 23,910,156.39	
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		

Wayne Community College		
Statement of Revenues, Expenses, and Changes in Net Assets		
For the Fiscal Year Ended June 30, 2002		Exhibit B
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net (Note 9)	\$	2,057,321.87
Federal Grants and Contracts		3,362,619.52
State and Local Grants and Contracts		274,541.31
Sales and Services, Net (Note 9)		1,046,559.76
Other Operating Revenues		110,495.17
Total Operating Revenues		6,851,537.63
EXPENSES		
Operating Expenses:		
Personal Services		13,946,841.06
Supplies and Materials		2,383,282.07
Services		1,037,850.40
Scholarships and Fellowships		2,406,995.90
Utilities		475,107.09
Depreciation		991,054.63
Total Operating Expenses		21,241,131.15
Operating Loss		(14,389,593.52)
NONOPERATING REVENUES:		
State Aid		10,663,646.95
County Appropriations		1,840,475.00
Noncapital Grants		23,770.32
Noncapital Gifts, Net		215,451.32
Investment Income, Net		34,644.17
Net Nonoperating Revenues		12,777,987.76
Loss Before Other Revenues, Expenses, Gains, and Losses		(1,611,605.76)
State Capital Aid		1,620,038.52
County Capital Appropriations		74,431.52
Additions to Term Endowments		4,285.00
Increase in Net Assets		87,149.28
NET ASSETS		
Net Assets, July 1, 2001 as Restated		23,823,007.11
Net Assets, June 30, 2002	\$	23,910,156.39
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		

Wayne Community College		
Statement of Cash Flows		
For the Fiscal Year Ended June 30, 2002		Exhibit C
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from Customers	\$	6,831,196.03
Payments to Employees and Fringe Benefits		(13,922,411.24)
Payments to Vendors and Suppliers		(3,861,919.03)
Payments for Scholarships and Fellowships		(2,406,995.90)
Other Payments		(85,865.30)
Net Cash Used by Operating Activities		(13,445,995.44)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State Aid Received		10,663,646.95
County Appropriations		1,840,475.00
Noncapital Grants Received		21,684.30
Noncapital Gifts and Endowments Received		219,736.32
Net Cash Provided by Noncapital Financing Activities		12,745,542.57
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State Capital Aid Received		1,641,028.61
County Capital Appropriations		74,431.52
Capital Grants Received		(3,474.81)
Acquisition and Construction of Capital Assets		(977,163.46)
Net Cash Provided by Capital and Related Financing Activities		734,821.86
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments		34,153.08
Net Cash Provided by Investing Activities		34,153.08
Net Increase in Cash and Cash Equivalents		68,522.07
Cash and Cash Equivalents, July 1, 2001		581,021.42
Cash and Cash Equivalents, June 30, 2002	\$	649,543.49

Wayne Community College		
Statement of Cash Flows		Exhibit C
For the Fiscal Year Ended June 30, 2002		Page 2
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss		\$ (14,389,593.52)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		991,054.63
Provision for Uncollectible Loans and Writeoffs		17.36
Changes in Assets and Liabilities:		
Receivables, Net		(95,545.32)
Inventories		7,362.79
Accounts Payable and Accrued Liabilities		47,416.59
Due to Primary Government		1,338.54
Funds Held for Others		(10,661.58)
Compensated Absences		2,615.07
Net Cash Used by Operating Activities		\$ (13,445,995.44)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Assets Acquired through Assumption of a Liability		14,236.65
Increase in Receivables Related to Nonoperating Income		2,086.02
The accompanying notes to the financial statements are an integral part of this statement.		
See Independent Accountant's Review Report		

[This Page Left Blank Intentionally]

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

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, 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. Wayne Community College is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds for which the College's Board of Trustees is financially accountable. Related foundations and similar non-profit corporations for which the College is not financially accountable are not part of the accompanying financial statements. These entities are not included because they are separately incorporated and there are neither common directors nor other evidence of common control.

- 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 Governmental Accounting Standards Board (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* effective for the College's year ended June 30, 2002, the full scope of the College's activities is considered to be a single business-type activity (BTA) 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the College does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

- D. Cash and Cash Equivalents** – This classification appears on the Statement of Net Assets and the Statement of Cash Flows and includes undeposited receipts, petty cash, cash on deposit with private bank accounts, and short-term investments with the State Treasurer’s Cash and Investment Pool (a governmental external investment pool). The short-term investment portfolio 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. Receivables** – Receivables consist of tuition and fees charges to students and charges for auxiliary enterprises’ sales and services. Receivables also include amounts due from the Federal government, state and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource providers conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.
- F. Inventories** – Inventories, consisting of expendable supplies and merchandise for resale, are stated at the lower of cost or market value using the first-in, first-out method.
- G. 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 College capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of one or more years. Library books are expensed.

Depreciation is computed using the straight-line and/or units of output method over the estimated useful lives of the assets, generally 25 years for infrastructure, 15 to 40 years for buildings, and 3 to 10 years for equipment.

- H. Restricted Assets** – Restricted assets represent assets whose use is restricted by external parties or by law through constitutional provisions or enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. Noncurrent Long-Term Liabilities – Noncurrent long-term liabilities include compensated absences that will not be paid within the next fiscal year.

J. 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 January 1st or for which an employee can be paid upon termination of employment. 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 30th equals the leave carried forward at the previous December 31st plus the leave earned, less the leave taken between January 1st and June 30th.

When classifying compensated absences into current and noncurrent, leave is considered taken using a last in, first out method.

K. Net Assets – The College's net assets are classified as follows:

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

Restricted Net Assets – Nonexpendable – Nonexpendable restricted net assets include endowments and similar type assets 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 Assets – Expendable – Expendable restricted net assets include resources for which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Assets – Unrestricted net assets include 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- L. 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 Assets. 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 either operating or nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship discount.
- M. Revenue and Expense Recognition** – The College presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges, and such programs are necessary and essential to the mission of the College. Revenues from nonexchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either capital or noncapital financing or investing activities. Operating expenses are all expense transactions incurred other than those related to capital or noncapital financing or investing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.
- N. 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 central stores. In addition, the College has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

- O. County Appropriations** - County Appropriations are provided to the College primarily to fund its plant operation and maintenance function and to fund construction projects, motor vehicles purchases, and maintenance of equipment. Unexpended county current appropriations do not revert and are available for future use by the College. Unexpended county capital appropriations do revert to the county at June 30th unless approval is received to carry forward these funds. County plant funds allotted for construction do carry forward to the new year.

NOTE 2 - DEPOSITS

All funds of the College are deposited in board-designated official depositories and are required to be collateralized in accordance with General Statute 115D-58.7. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina or with the State Treasurer’s Cash and Investment Pool. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. At year-end, cash on hand was \$1,740.00. The carrying amount of cash on deposit was \$647,803.49 and the bank balance was \$815,034.49.

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.

Cash on deposit at year end consisted of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Deposit with State Treasurer	\$ 643,480.46	\$ 784,772.79
Cash on Deposit with Private Financial Institutions	<u>4,323.03</u>	<u>30,261.70</u>
	<u>\$ 647,803.49</u>	<u>\$ 815,034.49</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The cash on deposit with the State Treasurer is pooled with State agencies and similar institutions in short-term investments with the State Treasurer's Cash and Investment Pool. These moneys are invested in accordance with General Statutes 147-69.1(c) and 147-69.2, and as required by law are "readily convertible into cash." All investments of the fund are held either by the Department of State Treasurer or its agent in the State's name. The fund's uninvested cash is either covered by federal depository insurance or, pursuant to 20 NCAC 7, is collateralized under either the dedicated or pooling method.

The financial statements and disclosures for the State Treasurer's Cash and Investment Pool 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.state.nc.us/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

All of the cash on deposit with private financial institutions at June 30, 2002, was covered by federal depository insurance.

NOTE 3 - ENDOWMENT INVESTMENTS

Investments of the College's endowment funds are pooled, unless required to be separately invested by the donor. 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 investments of the endowment funds. Endowment investments 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. Investment return of the College's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from the College's endowment funds are based on an adopted spending policy, which limits spending to 100% of the endowment income unless the donor has stipulated otherwise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - RECEIVABLES

Receivables at June 30, 2002 were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	\$ 77,363.64	\$ 6,905.84	\$ 70,457.80
Accounts	160,942.79		160,942.79
Investment Earnings	3,136.14		3,136.14
	<u>\$ 241,442.57</u>	<u>\$ 6,905.84</u>	<u>\$ 234,536.73</u>
Total Current Receivables			
Noncurrent Receivables:			
Investment Earnings	<u>\$ 47.85</u>	<u>\$ 0.00</u>	<u>\$ 47.85</u>
Notes Receivables - Current:			
Federal Loan Programs	<u>\$ 1,660.87</u>	<u>\$ 1,660.87</u>	<u>\$ 0.00</u>

NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets is presented as follows:

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Capital Assets, Non-Depreciable:				
Land	\$ 1,174,151.00	\$ 702,514.63	\$ 0.00	\$ 1,876,665.63
Construction in Progress	11,071.25	54,445.17		65,516.42
	<u>1,185,222.25</u>	<u>756,959.80</u>		<u>1,942,182.05</u>
Capital Assets, Depreciable:				
Buildings	27,006,816.78			27,006,816.78
Machinery and Equipment	3,121,169.56	212,074.94	32,088.84	3,301,155.66
General Infrastructure	1,060,506.92	22,365.37	8,914.25	1,073,958.04
	<u>31,188,493.26</u>	<u>234,440.31</u>	<u>41,003.09</u>	<u>31,381,930.48</u>
Less Accumulated Depreciation:				
Buildings	6,589,511.17	676,816.92		7,266,328.09
Machinery and Equipment	2,424,337.48	247,198.76	32,088.84	2,639,447.40
General Infrastructure	185,442.54	67,038.95		252,481.49
	<u>9,199,291.19</u>	<u>991,054.63</u>	<u>32,088.84</u>	<u>10,158,256.98</u>
Total Capital Assets, Depreciable, Net	<u>21,989,202.07</u>	<u>(756,614.32)</u>	<u>8,914.25</u>	<u>21,223,673.50</u>
Capital Assets, Net	<u>\$ 23,174,424.32</u>	<u>\$ 345.48</u>	<u>\$ 8,914.25</u>	<u>\$ 23,165,855.55</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2002 were as follows:

	<u>Amount</u>
Accounts Payable	\$ 43,389.65
Accrued Payroll	186,578.63
Contract Retainage	<u>14,236.65</u>
Total Accounts Payable and Accrued Liabilities	<u><u>\$ 244,204.93</u></u>

NOTE 7 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities - A summary of changes in the long-term liabilities is presented as follows:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2002</u>	<u>Current Portion</u>
Compensated Absences	<u>\$ 399,688.90</u>	<u>\$ 333,947.37</u>	<u>\$ 331,332.30</u>	<u>\$ 402,303.97</u>	<u>\$ 17,404.03</u>

NOTE 8 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under non-cancelable operating leases consist of the following at June 30, 2002:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 60,204.00
2004	60,204.00
2005	60,204.00
2006	60,204.00
2007	<u>15,051.00</u>
Total Minimum Lease Payments	<u><u>\$ 255,867.00</u></u>

Rental expense for all operating leases during the year was \$120,474.02.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - REVENUES

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

	Gross Revenues	Internal Sales Eliminations	Less Scholarship Discounts	Less: Allowance for Uncollectibles	Net Revenues
Operating Revenues:					
Student Tuition and Fees	\$ 2,839,576.69	\$ 0.00	\$ 775,348.98	\$ 6,905.84	\$ 2,057,321.87
Sales and Services:					
Sales and Services of Auxiliary Enterprises:					
Bookstore	\$ 1,236,561.90	\$ 0.00	\$ 216,495.94	\$ 0.00	\$ 1,020,065.96
Other	39,098.53	12,604.73			26,493.80
Total Sales and Services	\$ 1,275,660.43	\$ 12,604.73	\$ 216,495.94	\$ 0.00	\$ 1,046,559.76

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	Total
Instruction	\$ 8,682,625.11	\$ 691,744.13	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 9,374,369.24
Public Service	6,120.10	1,299.67					7,419.77
Academic Support	1,411,412.06	152,877.80					1,564,289.86
Student Services	1,085,394.95	171,003.34					1,256,398.29
Institutional Support	1,784,505.36	799,885.41					2,584,390.77
Operations and Maintenance of Plant	842,238.94	566,471.72			475,107.09		1,883,817.75
Student Financial Aid				2,406,995.90			2,406,995.90
Auxiliary Enterprises	134,544.54		1,037,850.40				1,172,394.94
Depreciation						991,054.63	991,054.63
Total Operating Expenses	\$ 13,946,841.06	\$ 2,383,282.07	\$ 1,037,850.40	\$ 2,406,995.90	\$ 475,107.09	\$ 991,054.63	\$ 21,241,131.15

NOTE 11 - PENSION PLANS

A. Retirement Plans - Each permanent full-time employee, as a condition of employment, is a member of the Teachers' and State Employees' Retirement System. The Teachers' and State Employees' Retirement System (System) is a multiple-employer cost sharing defined benefit pension plan administered by the North Carolina State Treasurer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

After five years of creditable service, members of the Teachers' and State Employees' Retirement System qualify for a vested deferred benefit. Employees who retire on or after age 65 and complete 5 years of membership service (age 55 and 5 years of creditable service for law enforcement officers), reach age 60 with 25 years of membership service, or complete 30 years of creditable service receive a retirement allowance of 1.81% of an average final compensation (based on the 4 consecutive years that produce the highest average) multiplied by the number of years of creditable service. Employees may retire with reduced benefits if they reach age 50 with 20 years of creditable service or reach age 60 with 5 years of creditable service (age 50 with 15 years creditable service for law enforcement officers).

Benefit and contribution provisions for the Teachers' and State Employees' Retirement System are established by North Carolina General Statute 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contributions rates are set each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2002, these rates were set at 1.97% of covered payroll for employers and 6% of covered payroll for members.

For the year ended June 30, 2002, the College had a total payroll of \$11,759,160.97, of which \$9,763,051.86 was covered under the Teachers' and State Employees' Retirement System. Total employee and employer contributions for pension benefits for the year were \$585,744.50 and \$192,332.12, respectively. The College made one hundred percent of its annual required contributions for the years ended June 30, 2002, 2001, and 2000, which were \$192,332.12, \$513,852.22, and \$736,222.89, respectively.

The Teachers' and State Employees' Retirement System's financial information is included in the State of North Carolina *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.state.nc.us/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

- B. Deferred Compensation and Supplemental Retirement Income Plans**
- IRC Section 457 Plan - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the North Carolina Public Employee Deferred Compensation Plan (the Plan). The Plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

separation from service, death, disability, retirement, or financial hardships if approved by the Board of Trustees of the Plan. The Board, a part of the North Carolina Department of Administration, maintains a separate fund for the exclusive benefit of the participating employees and their beneficiaries, *the North Carolina Public Employee Deferred Compensation Trust Fund*. The Board also contracts with an external third party to perform certain administrative requirements and to manage the trust fund's assets. All costs of administering and funding the Plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to \$86,643.34 for the year ended June 30, 2002.

IRC Section 401(k) Plan - All members of the Teachers' and State Employees' Retirement System are eligible to enroll in the Supplemental Retirement Income Plan, a defined contribution plan, created under Internal Revenue Code Section 401(k). All costs of administering the plan are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to \$152,225.00 for the year ended June 30, 2002.

IRC Section 403(b) and 403(b)(7) Plans - Eligible College employees can participate in tax sheltered annuity plans created under Internal Revenue Code Sections 403(b) and 403(b)(7). The employee's eligible contributions, made through salary reduction agreements, are exempt from federal and State income taxes until the annuity is received or the contributions are withdrawn. These plans are exclusively for employees of Colleges and certain charitable and other non-profit institutions. All costs of administering and funding these plans are the responsibility of the Plan participants. No costs are incurred by the College. The voluntary contributions by employees amounted to \$33,120.00 for the year ended June 30, 2002.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

- A. Health Care for Long-Term Disability Beneficiaries and Retirees -** The College participates in State-administered programs which provide 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. These benefits were established by Chapter 135, Article 3, Part 3, of the General Statutes and may be amended only by the North Carolina General Assembly. Funding for the health care benefit for long-term disability beneficiaries and retirees is financed on a pay-as-you-go basis. The College contributed 2.35% of the covered payroll under the Teachers' and State Employees' Retirement System for these health care benefits. For the fiscal year ended

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2002, the College's total contribution to the Plan was \$229,431.72. 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*.

- B. Long-Term Disability** - The College participates in the Disability Income Plan of North Carolina (DIPNC). Established by Chapter 135, Article 6, of the General Statutes, DIPNC provides short-term and long-term disability benefits to eligible members of the Teachers' and State Employees' Retirement System. Long-term disability income benefits are advance funded on an actuarially determined basis using the one-year term cost method. The College contributes .52% of covered payroll under the Teachers' and State Employees' Retirement System to the DIPNC. For the fiscal year ended June 30, 2002, the College's total contribution to the DIPNC was \$50,767.87. 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. Tort claims of up to \$500,000 are self-insured under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$11,000,000 via contract with a private insurance company. The premium, based on a composite rate, is paid by the North Carolina Community College System Office directly to the private insurer.

Fire and other property losses are covered by the Public School Insurance Fund, a State-administered public entity risk pool. This fund is financed by premiums and interest and reinsures losses greater than \$10,000,000 per occurrence. The excess insurer provides property coverage up to \$30,000,000 per location annually. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

State-owned vehicles used for instructional purposes are covered by liability insurance handled by the State Department of Insurance. Liability insurance for other college-owned vehicles are covered by contracts with private insurance companies.

The College is protected for losses from employee dishonesty and computer fraud for employees paid in whole or in part from State funds. The blanket honesty bond is with a private insurance company and is handled by the North Carolina Department of Insurance with coverage of \$5,000,000 per occurrence and a \$50,000 deductible. Employees paid from county and institutional funds are covered by contracts with private insurance companies.

Employees and retirees are provided health care coverage by the Comprehensive Major Medical Plan (Plan), a component unit of the State. The Plan is funded by employer and employee contributions and is administered by a third-party contractor. Effective for the October 1, 2001 through September 30, 2002 year, the Plan no longer offers health coverage through HMO plans.

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.

Term life insurance of \$25,000 to \$50,000 is provided to eligible workers. This self-insured death benefit program is administered by the State Treasurer and funded via employer contributions.

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 AND CONTINGENCIES

A. 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 \$51,255.10 at June 30, 2002.

B. Community College General Obligation Bonds - The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of six hundred million dollars of general obligation bonds of the State, as subsequently approved by a vote of qualified voters of the State, to provide funds for capital improvements for the North Carolina

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Community College System. The funds authorized are to be used solely to construct new buildings and to renovate and modernize existing buildings on the North Carolina Community College System campuses. The bond legislation specifies the amount of bond funding for each College campus as well as the intended amount for new construction and repair and replacement. The legislation further provides that the State Board of Community Colleges shall be responsible for the approval of projects in accordance with provisions of the legislation. The bonds are authorized to be issued over a six-year period beginning in 2001 at a level not to exceed amounts provided in the legislation. Using a cash flow financing approach, The Community College System's Office (CCSO), establishes annual amounts not to exceed for each approved project. The amounts not to exceed are subject to change due to actual cash availability and needs during the year. Subsequent to the bond sales and the availability of bond proceeds, CCSO notifies the Office of State Budget and Management (OSBM) of the amount not to exceed for the total of the approved projects. Within this amount, based on an official request of cash needs from the State Board of Community Colleges, OSBM authorizes allotments. These allotments are then recorded to specific community college allotment accounts by the CCSO. The College records the allotments as revenue on the accompanying financial statements. The College's remaining authorization \$11,810,526.00 is contingent on future bond sales and CCSO allotment approval. Because of uncertainty and time restrictions the remaining authorization is not recorded as an asset or revenue on the accompanying financial statements.

NOTE 15 - THE FOUNDATION OF WAYNE COMMUNITY, INC.

The Foundation of Wayne Community College, Inc. is a separately incorporated non-profit 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 assets, or operational transactions of the Foundation, except for the distributions made and benefits provided by the Foundation. The distributions received and/or benefits provided approximated \$200,834.54 for the year ended June 30, 2002.

NOTE 16 - ACCOUNTING CHANGES

Effective July 1, 2001, the College implemented 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,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities. The financial statement presentation

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

required by these Statements is a single-column enterprise activity rather than the fund-group perspective previously reported. Significant accounting changes in order to comply with the new requirements include adopting depreciation on capital assets, reporting revenues net of discounts and allowances, eliminating inter-fund activities, classifying activities as operating or nonoperating, classifying assets and liabilities as current or noncurrent, and prorating summer school activities to periods earned.

In addition, the College implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Changes in existing disclosures include more detailed information on debt service requirements, obligations under leases, and short-term debt. New disclosures include variable debt interest information and the major components of receivable and payable balances.

NOTE 17 - NET ASSET RESTATEMENT

As referred to in Note 16, the College implemented 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*.

July 1, 2001 Fund Equity as previously reported	\$ 34,382,675.28
Implementation of GASB 34/35	<u>10,559,668.17</u>
July 1, 2001 Net Assets as Restated	<u>\$ 23,823,007.11</u>

Wayne Community College								
Schedule of General Obligation Bond Project Authorizations, Budgets and Expenditures								
For Project-to-Date as of June 30, 2002								Schedule 1
	Projected				Total		Expected	
Capital Improvement Project	Start	General Obligation	Other	Project	Amount	Percent	Completion	
	Date	Bonds Authorized	Sources	Budget	Expended	Completed	Date	
Projects Approved by the State Board								
Childcare Center/Lab (Project No. 1104)	Apr 2001	\$ 500,049.00	\$ 200,000.00	\$ 700,049.00	\$ 38,097.52	5.44 %	Jan 2003	
Miscellaneous Repair and Renovation (Bundled) (Project No. 1162)	May 2001	912,357.00		912,357.00	316,552.37	34.70 %	Jun 2007	
Land Acquisition (Project No. 1124)	Jun 2001	725,000.00		725,000.00	724,880.00	100.00 %	Completed	
Building 2 - Dental Clinic Addition & Renovation	Mar 2002	675,000.00		675,000.00	27,418.90	4.06 %	Aug 2003	
Projects Pending Approval by the State Board								
Building 3 - Class/Bus. & Ind. Ctr.	Nov 2002	4,249,014.00		4,249,014.00			Dec 2004	
WLC & Dogwood Bldgs. Renovation	Nov 2003	1,644,951.00		1,644,951.00			Dec 2005	
Building 1 - Multi Purpose	Oct 2004	4,284,035.00		4,284,035.00			Oct 2006	
Total All Projects		12,990,406.00	200,000.00	13,190,406.00	1,106,948.79			
<p>Note: The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of six hundred million dollars of general obligation bonds of the State, as subsequently approved by a vote of qualified voters of the State, to provide funds for capital improvements for the North Carolina Community College System. The projects listed on this schedule are those funded or to be funded by bond proceeds from the general obligation bonds authorized by Senate Bill 912.</p>								

DISTRIBUTION OF REVIEW REPORT

In accordance with General Statutes 147-64.5 and 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

EXECUTIVE BRANCH

The Honorable Michael F. Easley	Governor of North Carolina
The Honorable Beverly M. Perdue	Lieutenant Governor of North Carolina
The Honorable Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Mr. H. Martin Lancaster	President, North Carolina Community College System
Dr. Edward H. Wilson, Jr.	President, Wayne Community College
Ms. Alice W. Wadsworth	Chief Financial Officer, Wayne Community College
Mr. Ray N. Rouse, III	Chairman, Board of Trustees, Wayne Community College

LEGISLATIVE BRANCH

Appointees to the Joint Legislative Commission on Governmental Operations

Senator Marc Basnight, Co-Chairman	Representative James B. Black, Co-Chairman
Senator Charlie Albertson	Representative Richard T. Morgan Co-Chairman
Senator Kever M. Clark	Representative Martha B. Alexander
Senator Daniel G. Clodfelter	Representative E. Nelson Cole
Senator Walter H. Dalton	Representative James W. Crawford, Jr.
Senator James Forrester	Representative William T. Culpepper, III
Senator Linda Garrou	Representative W. Pete Cunningham
Senator Wilbur P. Gulley	Representative Beverly M. Earle
Senator Kay R. Hagan	Representative Stanley H. Fox
Senator David W. Hoyle	Representative R. Phillip Haire
Senator Ellie Kinnaird	Representative Dewey L. Hill
Senator Jeanne H. Lucas	Representative Maggie Jeffus
Senator William N. Martin	Representative Edd Nye
Senator Stephen M. Metcalf	Representative William C. Owens, Jr.
Senator Eric M. Reeves	Representative Drew P. Saunders
Senator Larry Shaw	Representative Wilma M. Sherrill
Senator R. C. Soles, Jr.	Representative Joe P. Tolson
Senator David F. Weinstein	Representative Thomas E. Wright
	Representative Douglas Y. Yongue

Other Legislative Officials

Senator Anthony E. Rand	Majority Leader of the N. C. Senate
Senator Patrick J. Ballantine	Minority Leader of the N. C. Senate
Representative N. Leo Daughtry	Minority Leader of the N. C. House of Representatives
Representative Joe Hackney	N. C. House Speaker Pro-Tem
Mr. James D. Johnson	Director, Fiscal Research Division

April 15, 2003

ORDERING INFORMATION

Copies of this report may be obtained by contacting the:

Office of the State Auditor
State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Internet: <http://www.ncauditor.net>

Telephone: 919/807-7500

Facsimile: 919/807-7647