



# STATE OF NORTH CAROLINA

## FINANCIAL STATEMENT AUDIT REPORT OF WAKE TECHNICAL COMMUNITY COLLEGE

RALEIGH, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2003

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

**FINANCIAL STATEMENT AUDIT REPORT OF**

**WAKE TECHNICAL COMMUNITY COLLEGE**

**RALEIGH, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2003**

**STATE BOARD OF COMMUNITY COLLEGES**

**THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

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Ralph Campbell, Jr.  
State Auditor

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## AUDITOR'S TRANSMITTAL

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

This report presents the results of our financial statement audit of Wake Technical Community College, a component unit of the State of North Carolina, for the year ended June 30, 2003. Our audit was made by authority of Article 5A of Chapter 147 of the *North Carolina 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 audit work necessary for the CAFR and the *Single Audit Report*, the accounts and operations of the College were subjected to audit procedures as we considered necessary. In addition, we performed auditing procedures that we considered necessary for us to report on the accompanying financial statements that relate solely to Wake Technical Community College. The audit 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 audit on the accompanying financial statements that relate solely to Wake Technical Community College. A summary of our reporting objectives and audit results is:

- 1. Objective** – To express an opinion on the accompanying financial statements that relate solely to Wake Technical Community College.

**Results** - The accompanying financial statements present fairly, in all material respects, the amounts and disclosures made in accordance with accounting principles generally accepted in the United States of America. These matters are more fully described in the Independent Auditor's Report on the Financial Statements.

## AUDITOR'S TRANSMITTAL (CONCLUDED)

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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.

**Results** - Our tests disclosed no material weaknesses in internal control over financial reporting and no instances of noncompliance which require disclosure herein under *Government Auditing Standards*. These matters are more fully described in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit 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

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**INDEPENDENT AUDITOR'S REPORT**

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Board of Trustees  
Wake Technical Community College  
Raleigh, North Carolina

We have audited the accompanying basic financial statements of Wake Technical Community College, a component unit of the State of North Carolina, as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wake Technical Community College as of June 30, 2003, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2004 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A), as listed in the table of contents, 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. We have applied

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

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certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ralph Campbell, Jr.  
State Auditor

March 17, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Introduction

The following information provides a general overview of the financial statements and activities of Wake Technical Community College for the year ended June 30, 2003. The MD&A is required supplementary information (RSI) comparing data for the current and previous year. Significant capital asset activity and conditions expected to influence financial position and results of operations are also discussed. Contact the Division of Finance and Accounting for additional information at 919-662-3315.

### Overview of the Financial Statements

Beginning with the 2001-02 fiscal year, the College changed the format of the financial statements to conform with the reporting principles of GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as recommended by the Governmental Accounting Standards Board. Reporting requirements were further amended by GASB Statements No. 35, 37 and 38. These statements establish external financial reporting standards for public colleges and universities and require that they be presented on a consolidated basis rather than focus on individual fund groups, as had been the practice in past years. The basic financial statements include Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows and Notes to the Financial Statements. These compare respectively with the Balance Sheet and Statement of Changes in Fund Equity used prior to this year. The Statement of Current Funds Revenues, Expenditures, and Other Changes was eliminated and the Statement of Cash Flows was introduced last year.

Significant changes to the financial statements from the previous reporting format are:

- The Statement of Net Assets is separated by current and noncurrent assets. The designation is also used in reporting liabilities. The term current is used to cover a time period of one year or less while noncurrent is considered to be a period of greater than one year.
- Recognition of depreciation for capital assets was introduced last year. This change required a beginning balance restatement of accumulated depreciation that amounted to \$13.3 million. Depreciation expense for 2001-02 amounted to \$1,108,701 compared to \$1,149,553 in 2002-03.
- Revenues and expenses are now categorized as either operating or nonoperating.
- Scholarships and fellowships applied to student accounts are discounted from revenue to avoid overstatement of tuition and fees.
- The Statement of Cash Flows is required beginning with the 2001-02 year. This report divides cash activity for the year into operating, capital and related financing, noncapital financing and investing.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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### **Condensed Financial Statements**

#### **Statement of Net Assets**

The Statement of Net Assets measures the value of all the College's assets after deducting liabilities and depreciation. Current assets consist of inventories, cash and receivables expected to be collected within the next accounting cycle. Noncurrent assets consist of receivables estimated to be collected beyond the next fiscal year and also capital assets. Accounts payable, funds held for others and the current portion of accrued compensated absences comprise most of current liabilities. Noncurrent liabilities represent accrued compensated absences not expected to be used within the next twelve months. The amounts for compensated absences reflect a last-in, first-out estimate. Invested in capital assets, net of related debt, consists primarily of buildings, infrastructure and equipment with a unit purchase cost of \$5,000 or greater. Other equipment is expensed in the year of purchase. Restricted net assets are separated from unrestricted because external sources exert control over their use. Once again, the significant increase in capital assets reflects ongoing and new construction projects. Summarized data from the Statement of Net Assets is as follows:

	<u>2002</u>	<u>2003</u>
<b>Assets</b>		
Current Assets	\$ 8,766,031	\$ 5,416,584
Noncurrent Assets	1,952,966	798,996
Capital Assets, Net	<u>42,176,026</u>	<u>49,032,152</u>
Total Assets	<u>52,895,023</u>	<u>55,247,732</u>
<b>Liabilities</b>		
Current Liabilities	3,656,831	2,715,601
Noncurrent Liabilities	<u>183,934</u>	<u>682,936</u>
Total Liabilities	<u>3,840,765</u>	<u>3,398,537</u>
<b>Net Assets</b>		
Invested in Capital, Net of Related Debt	42,176,026	49,032,151
Restricted - Expendable	1,491,308	268,655
Unrestricted	<u>5,386,924</u>	<u>2,548,389</u>
Total Net Assets	<u>\$ 49,054,258</u>	<u>\$ 51,849,195</u>

#### **Statement of Revenues, Expenses, and Changes in Net Assets**

Transactions reflected in the Statement of Revenues, Expenses, and Changes in Net Assets have a direct correlation to changes in total net assets recorded on the Statement of Net Assets. Operating revenues and expenses are segregated into individual sections of the Statement. Student tuition and fees, adjusted for scholarship discounts, accounted for the largest portion of operating revenues. Grants from the Department of Education and the National Science Foundation comprise the majority of federal revenue. Salary and fringe

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

benefits expenses are the predominant operating expense and are recorded under personal services. Service contracts and Pell grants form the major components of services and scholarships and fellowships. Nonoperating revenues consist mostly of State and county appropriations, as do revenues for capital expenditures. A condensed version of the Statement of Revenues, Expenses, and Changes in Net Assets is presented below:

	2002	2003
<b>Operating Revenues</b>		
Student Tuition and Fees, Net	\$ 7,068,809	\$ 7,882,869
Federal Grants and Contracts	5,049,817	7,036,112
Other Operating Revenues	797,021	1,118,287
Total Operating Revenues	12,915,647	16,037,268
<b>Operating Expenses</b>		
Personal Services	35,447,821	38,092,223
Services	5,451,991	6,998,224
Scholarships and Fellowships	3,211,284	4,203,849
Other Operating Expenses	4,286,965	7,167,286
Total Operating Expenses	48,398,061	56,461,582
Operating Loss	(35,482,414)	(40,424,314)
<b>Nonoperating Revenues</b>		
State Aid	25,909,448	26,337,815
County Appropriations	8,495,000	6,995,000
Other Nonoperating Revenues	180,160	174,217
Net Nonoperating Revenues	34,584,608	33,507,032
State Capital Aid	917,493	3,465,026
County Capital Appropriations	105,000	1,605,000
Capital Grants	13,533,567	4,642,193
Increase in Net Assets	13,658,254	2,794,937
<b>Net Assets</b>		
Net Assets - July 1	51,059,288	49,054,258
Restatements	(15,663,284)	
Net Assets - June 30	\$ 49,054,258	\$ 51,849,195

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Statement of Cash Flows

The Statement of Cash Flows divides cash activity into four categories. The category for operating activities produced negative cash flow due to employee compensation falling within that section. The most notable cash inflow under operating activities is student tuition and fees. State and county appropriations respectively account for the largest inflows of cash under noncapital financing activities. This category of cash increased by six fold related to the property purchases discussed under capital assets. Construction and equipment purchases utilize the majority of cash generated from capital and related financing activities. Investing activities consist of interest earnings from idle cash. The following data compares cash flows for the past two years:

	<u>2002</u>	<u>2003</u>
<b>Cash Provided (Used) by:</b>		
Operating Activities	\$ (34,444,339)	\$ (38,741,647)
Noncapital Financing Activities	34,576,287	33,199,270
Capital and Related Financing Activities	499,752	3,208,863
Investing Activities	<u>22,059</u>	<u>19,658</u>
Net Increase in Cash	653,759	(2,313,856)
Cash - July 1	<u>5,118,703</u>	<u>5,772,462</u>
Cash - June 30	<u><u>\$ 5,772,462</u></u>	<u><u>\$ 3,458,606</u></u>

### Capital Assets

The Engineering Technology Building and Health Science Building are nearly complete and ready for occupancy. An additional \$11 million bond issue provided by the county is being used to finance construction of a \$1.5 million bookstore and a \$4.3 million auto/heavy equipment complex along with a \$5.2 million LeMay/Pucher Hall renovation. The lobby renovation in Holding Hall is under way with other areas of the building scheduled to begin in 2003-04. Wake County permitted the College to transfer \$1.5 million of current year appropriations for the purchase of a 40-plus acre tract of land adjacent to the main campus. The College also purchased a medical office building next to the health science campus in April of 2003 utilizing State funds. The first roof replacement using a portion of the \$33 million of capital funds from the 2000 North Carolina Higher Education Bond Referendum was finished in February of 2003. The second roof replacement is in progress and scheduled for completion in September of 2003. The planning phase for north campus development has started and will ultimately consist of over \$24 million in initial construction. Additional renovations should begin on the Health Science Campus Auditorium in October with completion expected before the end of next fiscal year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)**

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As previously mentioned, the College recognized almost \$1.15 million of depreciation expense in 2002-03. Capital asset balances net of depreciation as of June 30, 2002 and 2003 were:

	<u>2002</u>	<u>2003</u>
Land	\$ 2,589,043	\$ 5,593,492
Construction in Progress	16,598,504	20,293,065
Buildings	21,053,010	21,029,948
General Infrastructure	829,001	855,666
Machinery and Equipment	<u>1,106,468</u>	<u>1,259,980</u>
Total Capital Assets, Net	<u>\$ 42,176,026</u>	<u>\$ 49,032,151</u>

### **Economic Outlook and Effects on Financial Position**

The North Carolina economic recovery has been slow to gain momentum. The State required an operating budget reversion for a second consecutive year. The 2001-02 reversion amounted to 2.96% of current operating budget compared to 2.18% in 2002-03. Additional budget reversions are anticipated for the upcoming year. An additional 10% tuition increase was required this fiscal year. Tuition increases are also expected for 2003-04. Equipment funds from House Bill 275 have been nearly exhausted with no resumption of this revenue source in the foreseeable future. Wake County has committed to provide operating funds of \$8.6 million for 2003-04 which is the same amount received this year and last year. Plans are currently being formulated to offer a number of self-supporting classes next summer term because this source of funding was cut in half for the upcoming fiscal year and is slated to completely disappear in fiscal year 2004-05. These classes are needed to avoid compromising the opportunity for students to graduate on schedule, but will be kept to a minimum because of the additional expense involved.

<b>Wake Technical Community College</b>		
<b>Statement of Net Assets</b>		
<b>June 30, 2003</b>		<b>Exhibit A</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$	3,458,605.67
Receivables, Net (Note 3)		1,885,189.17
Inventories		72,789.56
<b>Total Current Assets</b>		<b>5,416,584.40</b>
Noncurrent Assets:		
Restricted Due from Primary Government		798,996.11
Capital Assets - Nondepreciable, Net (Note 4)		25,886,556.68
Capital Assets - Depreciable, Net (Note 4)		23,145,594.68
<b>Total Noncurrent Assets</b>		<b>49,831,147.47</b>
<b>Total Assets</b>		<b>55,247,731.87</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 5)		1,994,601.91
Due to Primary Government		14,299.30
Deferred Revenue		323,728.98
Funds Held for Others		163,057.68
Long-Term Liabilities - Current Portion (Note 6)		219,913.27
<b>Total Current Liabilities</b>		<b>2,715,601.14</b>
Noncurrent Liabilities:		
Long-Term Liabilities (Note 6)		682,935.90
<b>Total Noncurrent Liabilities</b>		<b>682,935.90</b>
<b>Total Liabilities</b>		<b>3,398,537.04</b>
<b>NET ASSETS</b>		
Invested in Capital Assets		49,032,151.36
Restricted for:		
Expendable:		
Scholarships and Fellowships		4,716.60
Loans		13,741.37
Capital Projects		243,588.10
Other		6,608.51
Unrestricted		2,548,388.89
<b>Total Net Assets</b>	<b>\$</b>	<b>51,849,194.83</b>
The accompanying notes to the financial statements are an integral part of this statement.		

<b>Wake Technical Community College</b>		
<b>Statement of Revenues, Expenses, and</b>		
<b>Changes in Net Assets</b>		
<b>For the Fiscal Year Ended June 30, 2003</b>		<b>Exhibit B</b>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net (Note 8)	\$	7,882,868.93
Federal Grants and Contracts		7,036,111.91
State and Local Grants and Contracts		379,431.35
Sales and Services, Net (Note 8)		738,855.64
Total Operating Revenues		16,037,267.83
<b>EXPENSES</b>		
Operating Expenses:		
Personal Services		38,092,223.47
Supplies and Materials		4,888,620.34
Services		6,998,224.17
Scholarships and Fellowships		4,203,849.01
Utilities		1,129,112.23
Depreciation		1,149,552.89
Total Operating Expenses		56,461,582.11
Operating Loss		(40,424,314.28)
<b>NONOPERATING REVENUES</b>		
State Aid		26,337,814.78
County Appropriations		6,994,999.56
Noncapital Gifts, Net (Note 8)		128,202.29
Investment Income, Net		19,657.59
Other Nonoperating Revenues		26,357.13
Net Nonoperating Revenues		33,507,031.35
Loss Before Other Revenues, Expenses, Gains, and Losses		(6,917,282.93)
State Capital Aid		3,465,026.56
County Capital Appropriations		1,605,000.00
Capital Grants		4,642,193.40
Increase in Net Assets		2,794,937.03
<b>NET ASSETS</b>		
Net Assets, July 1, 2002		49,054,257.80
Net Assets, June 30, 2003	\$	51,849,194.83
The accompanying notes to the financial statements are an integral part of this statement.		

<b>Wake Technical Community College</b>		
<b>Statement of Cash Flows</b>		
<b>For the Fiscal Year Ended June 30, 2003</b>		<b>Exhibit C</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Customers	\$	16,250,451.53
Payments to Employees and Fringe Benefits		(38,020,465.79)
Payments to Vendors and Suppliers		(12,759,965.89)
Payments for Scholarships and Fellowships		(4,191,702.18)
Other Payments		(19,964.89)
Net Cash Used by Operating Activities		(38,741,647.22)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Aid Received		26,337,814.78
County Appropriations		6,994,999.56
Noncapital Grants Received		(261,746.16)
Noncapital Gifts		128,202.29
Net Cash Provided by Noncapital Financing Activities		33,199,270.47
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State Capital Aid Received		4,618,996.22
County Capital Appropriations		1,605,000.00
Capital Grants Received		6,079,170.35
Acquisition and Construction of Capital Assets		(9,094,303.72)
Net Cash Provided by Capital and Related Financing Activities		3,208,862.85
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income		19,657.59
Net Cash Provided by Investing Activities		19,657.59
Net Decrease in Cash and Cash Equivalents		(2,313,856.31)
Cash and Cash Equivalents, July 1, 2002		5,772,461.98
Cash and Cash Equivalents, June 30, 2003	\$	3,458,605.67
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$	(40,424,314.28)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		1,149,552.89
Provision for Uncollectible Loans and Write-Offs		
Miscellaneous Nonoperating Income		26,357.13
Changes in Assets and Liabilities:		
Receivables, Net		(138,800.63)
Inventories		(688.36)
Accounts Payable and Accrued Liabilities		293,505.41
Due to Primary Government		(10,131.61)
Deferred Revenue		290,062.58
Funds Held for Others		27,746.56
Compensated Absences		45,063.09
Net Cash Used by Operating Activities	\$	(38,741,647.22)
The accompanying notes to the financial statements are an integral part of this statement.		

**WAKE TECHNICAL COMMUNITY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**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. Wake Technical 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 nonprofit 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*, 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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- 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.
- D. Cash and Cash Equivalents** – This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, and money market accounts.
- E. Receivables** – Receivables consist of tuition and fees charges to students. 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.
- F. Inventories** – Inventories, consisting of expendable supplies, are valued at cost 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 more than one year. Library books are generally not considered to have a useful life of more than one year unless part of a collection and are expensed in the year of acquisition.
- Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 25 years for general infrastructure, 15 to 40 years for buildings, and 5 to 15 years for equipment.
- H. Restricted Assets** – Unexpended capital contributions are classified as restricted assets because their use is limited by donor/grantor agreements. Certain other assets are classified as restricted because their use is limited by external parties or statute.
- 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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** – This represents the College’s total investment in capital assets.

**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.

**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 classifies its revenues and expenses as operating or nonoperating in the accompanying

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Statement of Revenues, Expenses, and Changes in Net Assets. 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.

- N. 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 appropriation and county capital appropriation do not revert and are available for future use.

### 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 Investment Pool. Also, the College may establish time deposit accounts, money market accounts, and certificates of deposit. At year-end, cash on hand was \$2,000.00. The carrying amount of cash on deposit was \$3,456,605.67 and the bank balance was \$3,571,381.22. All of the cash was on deposit with private financial institutions.

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

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

Of the cash on deposit with private financial institutions at June 30, 2003, \$100,000.00 of the bank balance was covered by federal depository insurance, and \$3,471,381.22 was covered by collateral held by an authorized escrow agent in the name of the State Treasurer (pooling method).

### **NOTE 3 - RECEIVABLES**

Receivables at June 30, 2003 were as follows:

	<u>Amount</u>
<b>Current Receivables:</b>	
Student Accounts	\$ 207,833.15
Intergovernmental	1,429,335.51
Other	<u>248,020.51</u>
<b>Total Current Receivables</b>	<u><u>\$ 1,885,189.17</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2003, is presented as follows:

	Balance July 1, 2002	Increases	Balance June 30, 2003
Capital Assets, Nondepreciable:			
Land	\$ 2,589,042.77	\$ 3,004,449.11	\$ 5,593,491.88
Construction in Progress	16,598,504.11	3,694,560.69	20,293,064.80
<b>Total Capital Assets, Nondepreciable</b>	19,187,546.88	6,699,009.80	25,886,556.68
Capital Assets, Depreciable:			
Buildings	31,290,991.31	768,822.27	32,059,813.58
Machinery and Equipment	3,273,097.57	427,455.73	3,700,553.30
General Infrastructure	2,041,534.30	110,389.96	2,151,924.26
Total Capital Assets, Depreciable	36,605,623.18	1,306,667.96	37,912,291.14
Less Accumulated Depreciation:			
Buildings	10,237,980.87	791,885.07	11,029,865.94
Machinery and Equipment	2,166,629.09	273,943.73	2,440,572.82
General Infrastructure	1,212,533.61	83,724.09	1,296,257.70
Total Accumulated Depreciation	13,617,143.57	1,149,552.89	14,766,696.46
<b>Total Capital Assets, Depreciable, Net</b>	22,988,479.61	157,115.07	23,145,594.68
<b>Capital Assets, Net</b>	\$ 42,176,026.49	\$ 6,856,124.87	\$ 49,032,151.36

### NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2003 were as follows:

	Amount
Accounts Payable	\$ 887,053.84
Accrued Payroll	635,719.38
Accounts Payable - Capital Assets	471,421.29
Intergovernmental Payables	407.40
<b>Total Accounts Payable and Accrued Liabilities</b>	\$ 1,994,601.91

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6 - LONG-TERM LIABILITIES

A summary of changes in the long-term liabilities is presented as follows:

	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Current Portion
Compensated Absences	\$ 857,786.08	\$ 1,018,432.28	\$ 973,369.19	\$ 902,849.17	\$ 219,913.27

### NOTE 7 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2003:

Fiscal Year	Amount
2004	\$ 408,856.00
2005	339,042.00
2006	9,549.00
Total Minimum Lease Payments	\$ 757,447.00

Rental expense for all operating leases during the year was \$583,346.32.

### NOTE 8 - REVENUES

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

	Gross Revenues	Less Scholarship Discounts	Net Revenues
<b>Operating Revenues:</b>			
<b>Student Tuition and Fees</b>	\$ 9,092,333.62	\$ 1,209,464.69	\$ 7,882,868.93
<b>Sales and Services:</b>			
Sales and Services of Auxiliary Enterprises:			
Parking	\$ 99,239.50	\$ 21,659.64	\$ 77,579.86
Other	684,740.39	23,464.61	661,275.78
<b>Total Sales and Services</b>	\$ 783,979.89	\$ 45,124.25	\$ 738,855.64
<b>Nonoperating - Noncapital Gifts</b>	\$ 128,202.29	\$ 0.00	\$ 128,202.29

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 9 - 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	\$ 25,195,148.29	\$ 3,945,880.92	\$ 818,823.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 29,959,852.30
Public Service	9,856.40		13,239.37				23,095.77
Academic Support	5,457,749.48	453,432.04	654,867.74				6,566,049.26
Student Services	3,364,671.57	55,987.88	218,499.71				3,639,159.16
Institutional Support	3,263,091.59	264,627.17	1,307,067.91				4,834,786.67
Operations and Maintenance of Plant	801,706.14	156,053.11	3,843,963.16		1,129,112.23		5,930,834.64
Student Financial Aid			26,937.00	4,203,849.01			4,230,786.01
Auxiliary Enterprises		12,639.22	114,826.19				127,465.41
Depreciation						1,149,552.89	1,149,552.89
Total Operating Expenses	<u>\$ 38,092,223.47</u>	<u>\$ 4,888,620.34</u>	<u>\$ 6,998,224.17</u>	<u>\$ 4,203,849.01</u>	<u>\$ 1,129,112.23</u>	<u>\$ 1,149,552.89</u>	<u>\$ 56,461,582.11</u>

### NOTE 10 - 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 cost sharing multiple-employer defined benefit pension plan administered by the North Carolina State Treasurer.

Benefit and contribution provisions for the Teachers' and State Employees' Retirement System are established by *North Carolina General Statutes* 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contribution rates are set each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2003, the General Assembly required no contribution by employers and 6% of covered payroll for members.

For the year ended June 30, 2003, the College had a total payroll of \$33,033,881.52 of which \$25,995,225.98 was covered under the Teachers' and State Employees' Retirement System. Total employee contributions for pension benefits for the year were \$1,559,713.51. No employer contributions were required. The College made one hundred percent of its annual required contributions for the years ended June 30, 2003, 2002, and 2001, which were \$0.00, \$478,841.63, and \$1,143,764.47, respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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The Teachers' and State Employees' Retirement System's financial information is 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.

- B. Supplemental Retirement Income Plan - 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. The voluntary contributions by employees amounted to \$348,945.00 for the year ended June 30, 2003.

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 nonprofit 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 \$545,524.50 for the year ended June 30, 2003.

### NOTE 11 - 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 June 30, 2003, the College's total contribution to the Plan was \$610,847.92. The College assumes no liability for retiree health care



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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, 2003, the College's total contribution to the DIPNC was \$135,148.92. 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 12 - 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 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. Liability insurance for College-owned vehicles is 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Carolina Department of Insurance with coverage of \$5,000,000 per occurrence and a \$50,000 deductible. The honesty bond for other employees is 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.

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 13 - 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 \$4,674,922.87 and on other purchases were \$1,300,593.44 at June 30, 2003.
- 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 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 were

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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authorized for issuance 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 of \$32,363,432.00 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 14 - RELATED PARTIES

- A. Foundation** - The Wake Technical Community College Foundation, Inc. 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 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 \$101,832.83 for the year ended June 30, 2003.
- B. Property Lease** - The College is engaged in a building lease agreement with Montague Properties. A member of the College Board of Trustees is related to one of the principal owners. The lease payments are comparable to market rates and scheduled to expire upon completion of the auto/heavy equipment complex. The lease payments for fiscal year ended June 30, 2003 amounted to \$66,906.66.

## **NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)**

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### **NOTE 15 - SUBSEQUENT EVENTS**

The College is involved in condemnation proceedings related to a 44-acre parcel of land adjacent to the eastern perimeter of the main campus. A deposit has been placed with the Wake County Clerk of Court as required by law. Subsequent to June 30, 2003, the matter went into mediation and a mediation hearing is now required to determine appropriate value of the property. A change in the valuation of the property could incur an additional undetermined liability for the College.

**Wake Technical Community College  
Schedule of General Obligation Bond Project Authorizations,  
Budgets, and Expenditures  
For Project-to-Date as of June 30, 2003**

**Schedule 1**

<b>Capital Improvement Project</b>	<b>Projected Start Date</b>	<b>General Obligation Bonds Authorized</b>	<b>Other Sources</b>	<b>Total Project Budget</b>	<b>Amount Expended</b>	<b>Percent Completed</b>	<b>Expected Completion Date</b>
<b>Projects Approved by the State Board</b>							
Ready Hall - Reroof	Jun 2002	\$ 324,927.00	\$ 0.00	\$ 324,927.00	\$ 324,927.00	100.00%	Feb 2003
North East Campus Infrastructure	Jan 2003	3,549,700.00		3,549,700.00	44,028.00	1.24%	Feb 2007
North East Campus Development and Construction	Jan 2003	20,621,751.00		20,621,751.00	296,060.00	1.44%	Feb 2007
Technical Education Building - Reroof	May 2003	232,276.00		232,276.00	136,030.00	58.56%	Jul 2003
Health Education Facility - Repair and Renovate	Oct 2003	610,000.00		610,000.00			Jun 2004
Engineering Technology Building - Repair and Renovate	May 2004	427,241.00		427,241.00			Jan 2005
Main Campus - Construction - Repairs and Renovations	Aug 2005	4,028,494.00	2,437,506.00	6,466,000.00			Jun 2006
<b>Projects Pending Approval by the State Board</b>							
Parking Areas/Walks - Resurface and Pave	Dec 2003	240,000.00		240,000.00			Jun 2004
Law Enforcement Center	Apr 2005	3,000,000.00		3,000,000.00			Oct 2006
<b>Total All Projects</b>		<b>\$ 33,034,389.00</b>	<b>\$ 2,437,506.00</b>	<b>\$ 35,471,895.00</b>	<b>\$ 801,045.00</b>		

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.



Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA  
Office of the State Auditor

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

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Board of Trustees  
Wake Technical Community College  
Raleigh, North Carolina

We have audited the financial statements of Wake Technical Community College, a component unit of the State of North Carolina, as of and for the year ended June 30, 2003, and have issued our report thereon dated March 17, 2004. 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.

Compliance

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 grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS (CONCLUDED)**

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audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees and the State Board of Community Colleges, management and staff of the College, the Governor, the State Controller, the General Assembly, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Ralph Campbell, Jr.  
State Auditor

March 17, 2004

## DISTRIBUTION OF AUDIT REPORT

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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. Stephen C. Scott	President, Wake Technical Community College
Mr. William W. Preston	Chief Financial Officer
	Wake Technical Community College
Ms. Lide Cooke Anderson	Chairman, Board of Trustees
	Wake Technical Community College

### LEGISLATIVE BRANCH

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Senator R. C. Soles, Jr.	Representative Wilma M. Sherrill
Senator Scott Thomas	Representative Thomas E. Wright

### Other Legislative Officials

Mr. James D. Johnson	Director, Fiscal Research Division
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May 11, 2004



## ORDERING INFORMATION

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Copies of this report may be obtained by contacting the:

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State of North Carolina  
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