

Compliance Reports

**NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY
(a Component Unit of the State of North Carolina)**

KINSTON, NORTH CAROLINA

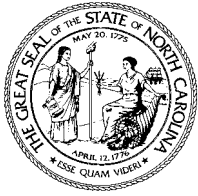
FOR THE YEAR ENDED JUNE 30, 2003

**Performed under contract with
the North Carolina Office of the State Auditor
Ralph Campbell, Jr., State Auditor**

CHAIRMAN OF THE BOARD OF DIRECTORS

THE HONORABLE MICHAEL F. EASLEY

DARLENE A. WADDELL, EXECUTIVE DIRECTOR



STATE OF NORTH CAROLINA
Office of the State Auditor

Ralph Campbell, Jr.
State Auditor

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AUDITOR'S TRANSMITTAL

The Honorable Michael F. Easley, Governor
The General Assembly of North Carolina
Local Government Commission
Board of Directors, North Carolina Global TransPark Authority

In accordance with *Government Auditing Standards*, this report presents the results of the auditor's consideration of internal control over financial reporting and the tests of compliance with certain provisions of laws, regulations, contracts, and grants performed in conjunction with the financial statement audit of the North Carolina Global TransPark Authority (the Authority), a component unit of the State of North Carolina, for the year ended June 30, 2003. The additional reports and schedules required for an audit conducted in accordance with the provisions of the Single Audit Act and OMB Circular A-133 are also presented for the year ended June 30, 2003. Cherry, Bekaert & Holland, L.L.P. performed this audit under contract with the Office of the State Auditor.

The audit of the Authority was conducted in accordance with North Carolina General Statute 63A, the North Carolina Global TransPark Authority Act. That legislation created the Authority and a governing Board of Directors. The Authority is required by General Statute 63A-23 to submit an annual report, accompanied by an audit conducted by the State Auditor of its books and accounts, to the Governor, General Assembly, and the Local Government Commission. General Statute 147-64.7 allows the State Auditor to obtain the services of independent public accountants to carry out its duties and functions.

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.

A handwritten signature in cursive script that reads "Ralph Campbell, Jr.".

Ralph Campbell, Jr.
State Auditor

NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY
COMPLIANCE REPORTS
Year Ended June 30, 2003

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

Board of Directors
North Carolina Global Transpark Authority
Kinston, North Carolina

We have audited the basic financial statements of the North Carolina Global Transpark Authority (the "Authority") as of and for the year ended June 30, 2003, and have issued our report thereon dated November 21, 2003. 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

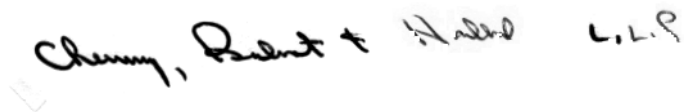
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 Authority'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 over financial reporting 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 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 operations that we consider to be material weaknesses. We noted no other matters involving the internal control over financial reporting that we have reported to management of the Authority.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the governing board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Handwritten signature of Cherry, Bekaert & Holland, L.L.P. in cursive script.

Raleigh, North Carolina
November 21, 2003



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of Directors
North Carolina Global Transpark Authority
Kinston, North Carolina

Compliance

We have audited the compliance of the North Carolina Global Transpark Authority (the "Authority"), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2003. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

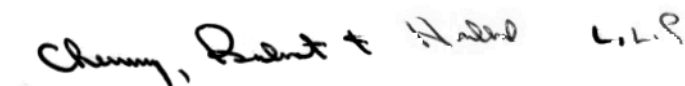
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being 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 compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2003, and have issued our report thereon dated November 21, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act 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.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the governing board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in dark ink that reads "Cherry, Bekaert & Holland L.L.P." with a stylized flourish at the end.

Raleigh, North Carolina
November 21, 2003

NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2003

Finding 02-1

Management has evaluated its procedures for complying with the cash management plan and implemented necessary procedures for timely deposits.

NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Local Expenditures	Total Expenditures
Federal awards					
U.S. Department of Agriculture					
<u>USDA Rural Development</u>					
Community Facility Program	10.766		\$ 4,556	\$ -	\$ 4,556
Total U.S. Department of Agriculture			<u>4,556</u>	<u>-</u>	<u>4,556</u>
US Department of Transportation					
<u>Federal Aviation Administration</u>					
Airport Improvement Program	20.106	3-37-0035-18	-	191,373	191,373
		3-37-0035-21	-	154,156	154,156
		3-37-0035-22	471,623	49,285	520,908
		3-37-0035-23	118,029	19,888	137,917
			<u>589,652</u>	<u>414,702</u>	<u>1,004,354</u>
TOTAL ASSISTANCE			<u>\$ 594,208</u>	<u>\$ 414,702</u>	<u>\$ 1,008,910</u>

Notes to Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act.