



STATE OF NORTH CAROLINA

FINANCIAL STATEMENT REVIEW REPORT OF WILSON TECHNICAL COMMUNITY COLLEGE

WILSON, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2004

OFFICE OF THE STATE AUDITOR

LESLIE W. MERRITT, JR., CPA, CFP

STATE AUDITOR

FINANCIAL STATEMENT REVIEW REPORT OF

WILSON TECHNICAL COMMUNITY COLLEGE

WILSON, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2004

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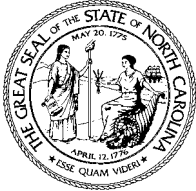
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REVIEWER'S TRANSMITTAL

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

This report presents the results of our financial statement review of Wilson Technical Community College, a component unit of the State of North Carolina, for the year ended June 30, 2004. Our review was made by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes* and was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a review is to achieve limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

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 Wilson Technical Community College. As a result of our review, we are not aware of any material modifications necessary for the accompanying financial statements 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.

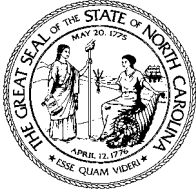
North Carolina General Statutes require the State Auditor to make reports available to the public. Copies of review reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Leslie W. Merritt, Jr.

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

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Leslie W. Merritt, Jr., CPA, CFP
State Auditor

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees
Wilson Technical Community College
Wilson, North Carolina

We have reviewed the accompanying financial statements of Wilson Technical Community College, a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2004, which collectively comprise Wilson Technical Community College's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the College's management. We did not review the financial statements of Wilson Technical Community College Foundation, Inc., which represents 100% of the College's discretely presented component units. Those financial statements were audited by other accountants whose report thereon has been furnished to us, and our report, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other accountants.

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 in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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, 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. 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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (CONCLUDED)

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.

Leslie W. Merritt, Jr.

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

March 23, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wilson Technical Community College offers readers of the College's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2004. This overview will provide comparative analyses of key elements for the aforementioned period.

Financial Highlights

- The assets of Wilson Technical Community College exceeded its liabilities at the close of the most recent fiscal year by \$9,078,733.79 (*net assets*). Of this amount, \$1,812,807.40 (*unrestricted net assets*) may be used to meet the College's ongoing obligations to citizens and creditors.
- The College's total net assets increased by \$359,277.65. The increase may be attributed to the fact that the College was able to maintain prior year expenditure levels while receiving an increase in federal funding as well as State capital aid.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Wilson Technical Community College's basic financial statements. Wilson Technical Community College's basic financial statements comprise two components: 1) government-wide financial statements and 2) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Wilson Technical Community College's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of Wilson Technical Community College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Wilson Technical Community College is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (i.e., earned but unused vacation leave).

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the College's progress toward the completion of capital improvement projects funded via general obligation bonds of the State of North Carolina.

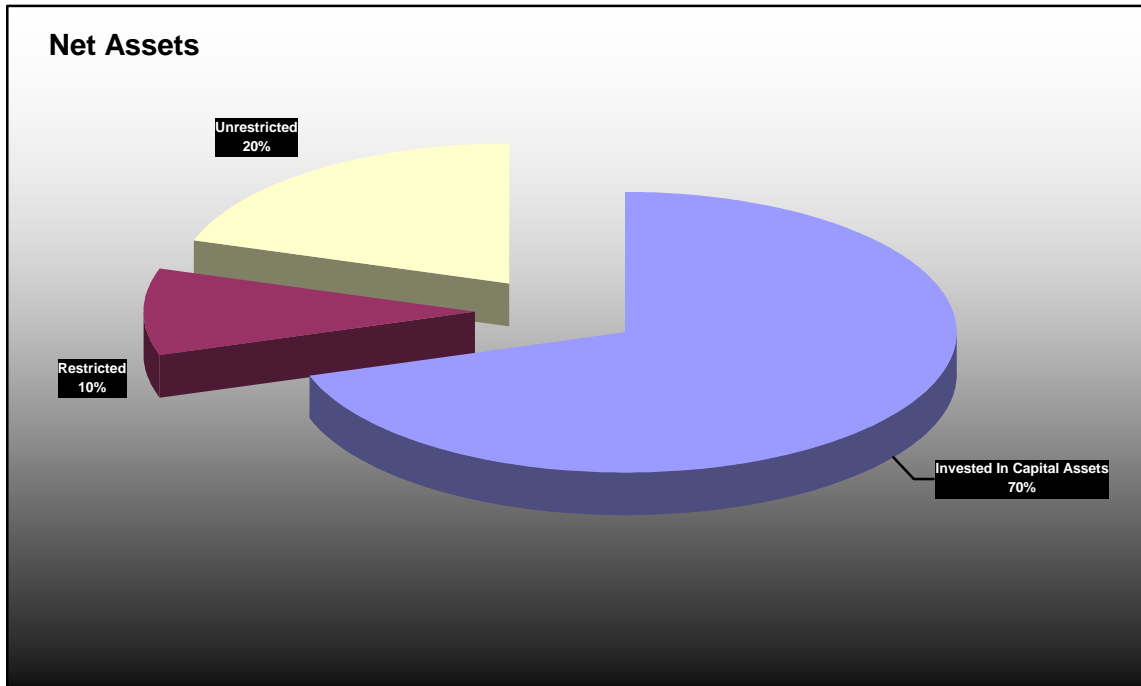
Institutional Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the College's financial position. In the case of Wilson Technical Community College, net assets increased by \$359,277.65 at the close of the most recent fiscal year. This growth in net assets represents a 4 percent increase over the prior reporting period.

By far the largest portion of Wilson Technical Community College's net assets (70 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment). Wilson Technical Community College uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Condensed Statement of Net Assets				
June 30,				
	2004	2003	Increase (Decrease)	Percent Change
Assets				
Current and Other Assets	\$ 3,176,334.96	\$ 3,122,852.35	\$ 53,482.61	1.71 %
Capital Assets	6,361,698.76	6,014,633.43	347,065.33	5.77 %
Total Assets	9,538,033.72	9,137,485.78	400,547.94	
Liabilities				
Long-Term Liabilities	274,150.49	232,053.07	42,097.42	18.14 %
Other Liabilities	185,149.44	185,976.57	(827.13)	(0.44) %
Total Liabilities	459,299.93	418,029.64	41,270.29	
Net Assets				
Invested in Capital Assets	6,361,698.76	6,014,633.43	347,065.33	5.77 %
Restricted	904,227.63	1,026,392.21	(122,164.58)	(11.90) %
Unrestricted	1,812,807.40	1,678,430.50	134,376.90	8.01 %
Total Net Assets	\$ 9,078,733.79	\$ 8,719,456.14	\$ 359,277.65	

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)



An additional portion (10 percent) of Wilson Technical Community College's net assets (restricted net assets, \$904,227.63) represents resources that are subject to internal and external restrictions on how they may be used. The remaining balance (20 percent) of net assets (unrestricted, \$1,812,807.40) may be used to meet the college's ongoing obligations to citizens and creditors. This change (\$134,376.90) in resources represents an 8 percent increase over the previous year.

At the end of the current fiscal year, Wilson Technical Community College is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Wilson Technical Community College's total net assets increased by \$359,277.65. The majority of this increase may be attributed to the fact that the College was able to obtain increased funding on the State and federal levels while maintaining expenditures consistent with the prior year's level. The following table and graphs depict the financial position of the College at the close of the current fiscal year. They further define the sources of funding and their related uses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Revenues, Expenses, and Changes in Net Assets

	2004	2003	Increase (Decrease)	Percent Changed
Operating Revenues:				
Student Tuition and Fees, Net	\$ 427,647.87	\$ 497,502.68	\$ (69,854.81)	(14.04) %
Federal Grants and Contracts	4,295,846.04	4,049,592.98	246,253.06	6.08 %
State and Local Grants and Contracts	201,312.00	160,669.76	40,642.24	25.30 %
Sales and Services, Net	1,012,319.66	883,214.12	129,105.54	14.62 %
Other Revenues	9,051.28		9,051.28	
Total Operating Revenues	5,946,176.85	5,590,979.54	355,197.31	6.35 %
Operating Expenses:				
Salaries and Benefits	8,599,783.76	8,413,777.51	186,006.25	2.21 %
Supplies and Materials	1,753,979.38	1,673,493.23	80,486.15	4.81 %
Services	1,858,664.38	1,527,389.41	331,274.97	21.69 %
Scholarships and Fellowships	2,232,720.24	1,976,087.27	256,632.97	12.99 %
Utilities	292,003.44	261,734.08	30,269.36	11.56 %
Depreciation	462,963.61	455,999.59	6,964.02	1.53 %
Total Operating Expenses	15,200,114.81	14,308,481.09	891,633.72	6.23 %
Operating Loss	(9,253,937.96)	(8,717,501.55)	(536,436.41)	6.15 %
Nonoperating and Capital Revenues:				
State Aid	6,920,701.08	6,681,357.92	239,343.16	3.58 %
County Appropriations	1,102,251.00	1,103,951.00	(1,700.00)	(0.15) %
Noncapital Grants	296,789.41		296,789.41	
Noncapital Gifts		1,500.00	(1,500.00)	(100.00) %
Investment Income, Net	48,057.53	68,040.19	(19,982.66)	(29.37) %
Other Nonoperating Revenues	1,954.65	12,652.07	(10,697.42)	(84.55) %
State Capital Aid	1,201,761.94	1,699,732.30	(497,970.36)	(29.30) %
County Capital Appropriations	41,700.00	40,000.00	1,700.00	4.25 %
Total Nonoperating and Capital Revenues	9,613,215.61	9,607,233.48	5,982.13	0.06 %
Increase in Net Assets	359,277.65	889,731.93	(530,454.28)	(59.62) %
Net Assets, July 1	8,719,456.14	7,829,724.21	889,731.93	11.36 %
Net Assets, June 30	<u>\$ 9,078,733.79</u>	<u>\$ 8,719,456.14</u>	<u>\$ 359,277.65</u>	4.12 %

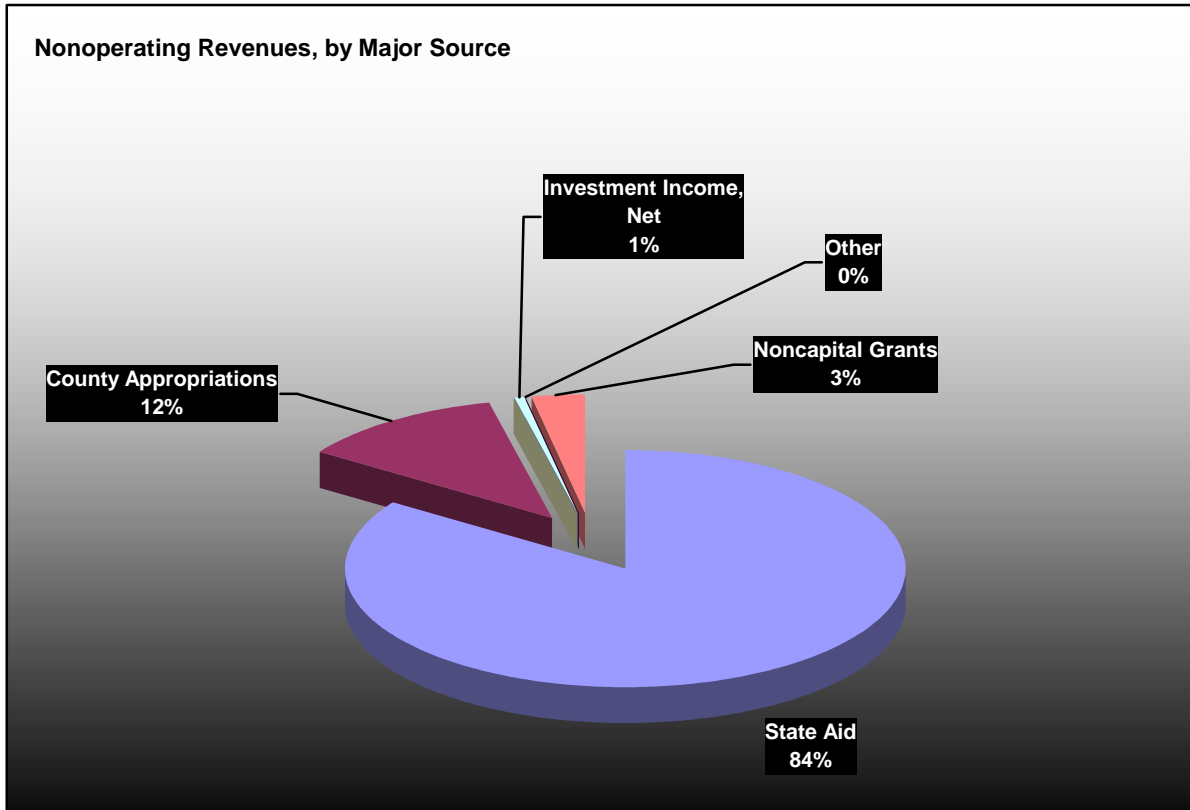
The total operating revenues increased by 6.35%. The majority of the revenue increase is attributed to the increase in federal, State and local grants and contracts as well as the increase in sales in the auxiliary enterprises/educational related activities. This is due to the enrollment increase.

The nonoperating revenues increased by .06%. The majority of the increase was from reimbursements for construction projects.

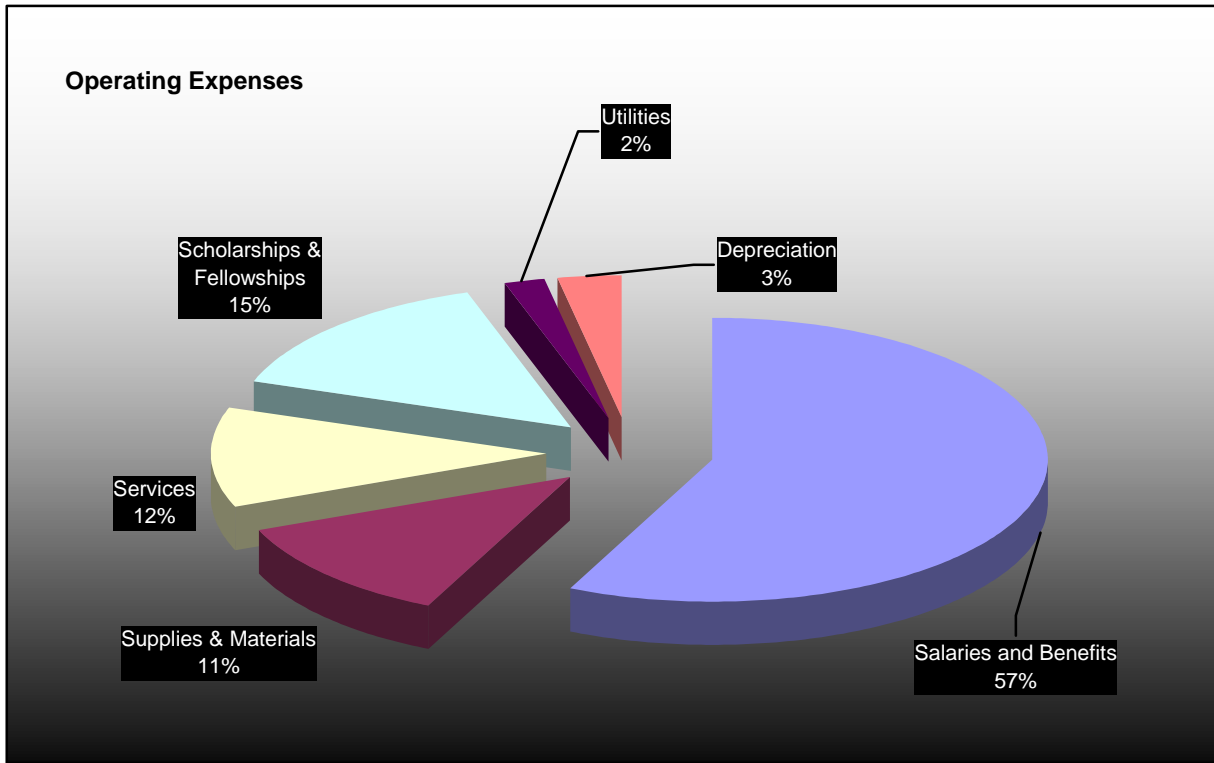
Operating expenses for fiscal year 2004 increased \$891,633.72 over fiscal year 2003. The expense increase of the College can be attributed to a combination of sources which includes the following: the completion of construction projects which were funded with State Bond funds; salaries and benefits increased due to the effects of contractual increases for faculty and staff salaries and benefits; personnel were also added due to enrollment growth; supplies and materials expenses increased due to increase in enrollment and facility repair supplies;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

services expenses increased by \$331,274.97 over fiscal year 2003 because of additional costs associated with facility repairs and maintenance, increased services provided to recipients of federal grant programs, and increase in other costs i.e., travel, printing, etc., due to additional staff training and enrollment growth.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

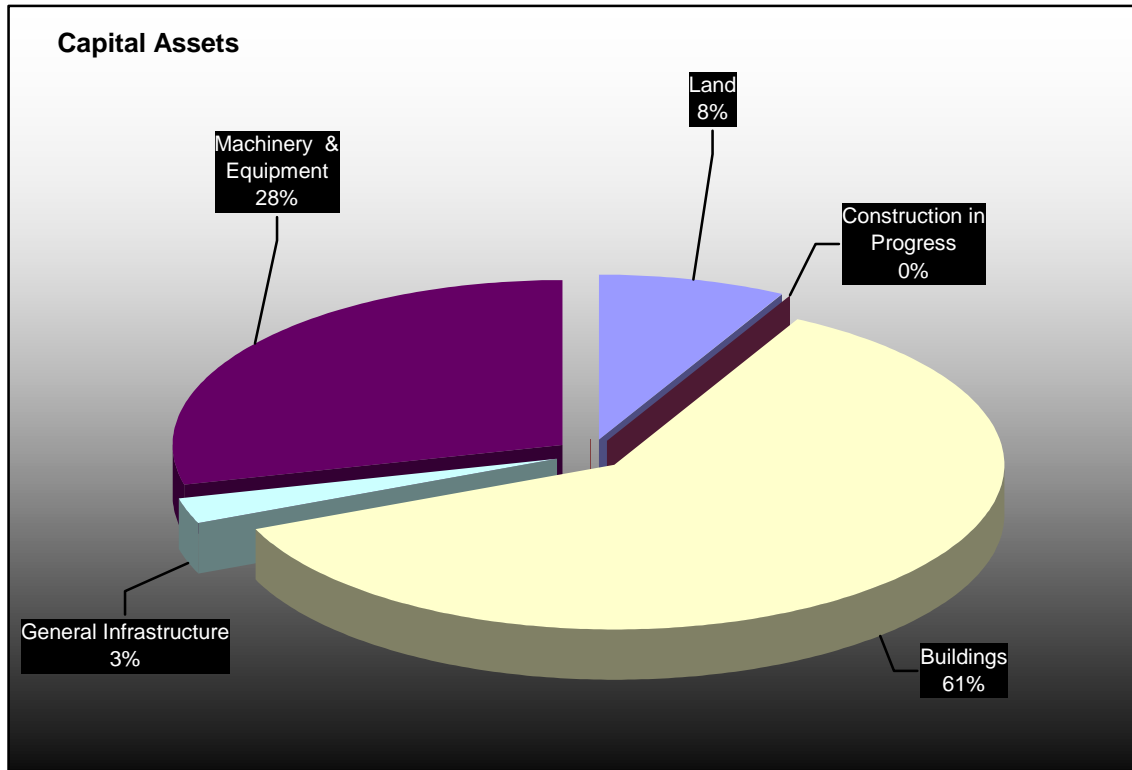


Capital Assets

Wilson Technical Community College's investment in capital assets as of June 30, 2004, amounts to \$6,361,698.76 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Wilson Technical Community College's investment in capital assets experienced a net increase of 5.77% for the current fiscal year as a result of completion on the construction of the new Community Business Center as well as for the purchase of land.

**Wilson Technical Community College's Capital Assets
(net of depreciation)**

	Beginning Balance	Ending Balance
Land	\$ 329,016.19	\$ 494,015.66
Construction in Progress	734,705.42	
Buildings	2,873,145.81	3,864,742.91
General Infrastructure	188,681.23	169,407.19
Machinery and Equipment	1,889,084.78	1,833,533.00
Total	\$ 6,014,633.43	\$ 6,361,698.76



Economic Factors and Next Year's Budget

The College anticipates continued growth in the 2004-05 year. State funding should show a slight increase and funding from grant activities and county appropriations are anticipated to show a significant increase.

The College will begin the design of a new Student Center which will house Business Services and Student Services. The design work for the 20,000 square foot facility is scheduled to begin in the early fall of 2004.

WTCC continues to provide training opportunities for local companies through our NEIT (New and Expanding Industry Training) projects. Continuing Education showed an increase in FTE's during the fiscal year 2004. This is attributed to an increase in their Occupational Extension program and Basic Skills. We anticipate this trend to continue. Curriculum also should experience increases in enrollment. Nursing continues to be a strong program at the College. Our health care graduates are highly sought by local and regional health care institutions. With the increasing demand for better childcare facilities, the early childhood program and the college transfer program should show the largest growth.

Financial aid continues to increase at Wilson Technical Community College. We are expecting to continue seeking increases in the amount of Pell Grant and College Work Study awards in the next year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED)

Requests for Information

This financial report is designed to provide a general overview of Wilson Technical Community College's finances for all those with an interest in the College's finances. Questions concerning any of this information should be addressed to Jessica S. Jones, Controller for Wilson Technical Community College, 902 Herring Avenue, Wilson, NC 27893.

Wilson Technical Community College
Statement of Net Assets
June 30, 2004

Exhibit A-1

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 956,091.07
Restricted Cash and Cash Equivalents	193,153.98
Receivables, Net (Note 3)	297,998.75
Inventories	332,792.84
Notes Receivable, Net (Note 3)	13,307.10

Total Current Assets	1,793,343.74
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Noncurrent Assets:

Restricted Cash and Cash Equivalents	946,055.71
Restricted Due from Primary Government	436,935.51
Capital Assets - Nondepreciable (Note 4)	494,015.66
Capital Assets - Depreciable, Net (Note 4)	5,867,683.10

Total Noncurrent Assets	7,744,689.98
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Total Assets	9,538,033.72
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LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 5)	72,712.10
Deferred Revenue	29,690.93
Funds Held for Others	7,976.73
Long-Term Liabilities - Current Portion (Note 6)	74,769.68

Total Current Liabilities	185,149.44
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Noncurrent Liabilities:

Long-Term Liabilities (Note 6)	274,150.49
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Total Liabilities	459,299.93
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NET ASSETS

Invested in Capital Assets	6,361,698.76
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Restricted for:

Nonexpendable:

Scholarships and Fellowships	150,000.00
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Expendable:

Scholarships and Fellowships	58,279.46
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Loans	37,488.33
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Capital Projects	538,763.14
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Other	119,696.70
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Unrestricted	1,812,807.40
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Total Net Assets	\$ 9,078,733.79
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The accompanying notes to the financial statements are an integral part of this statement.

<i>Wilson Technical Community College</i>		
<i>Statement of Revenues, Expenses, and</i>		
<i>Changes in Net Assets</i>		
<i>For the Fiscal Year Ended June 30, 2004</i>		<i>Exhibit A-2</i>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net (Note 8)	\$	427,647.87
Federal Grants and Contracts		4,295,846.04
State and Local Grants and Contracts		201,312.00
Sales and Services, Net (Note 8)		1,012,319.66
Other Operating Revenues		9,051.28
Total Operating Revenues		5,946,176.85
EXPENSES		
Operating Expenses:		
Salaries and Benefits		8,599,783.76
Supplies and Materials		1,753,979.38
Services		1,858,664.38
Scholarships and Fellowships		2,232,720.24
Utilities		292,003.44
Depreciation		462,963.61
Total Operating Expenses		15,200,114.81
Operating Loss		(9,253,937.96)
NONOPERATING REVENUES		
State Aid		6,920,701.08
County Appropriations		1,102,251.00
Noncapital Grants		296,789.41
Investment Income, Net		48,057.53
Other Nonoperating Revenues		1,954.65
Total Net Nonoperating Revenues		8,369,753.67
Loss Before Other Revenues		(884,184.29)
State Capital Aid		1,201,761.94
County Capital Appropriations		41,700.00
Increase in Net Assets		359,277.65
NET ASSETS		
Net Assets, July 1, 2003		8,719,456.14
Net Assets, June 30, 2004	\$	9,078,733.79
The accompanying notes to the financial statements are an integral part of this statement.		

<i>Wilson Technical Community College</i>		
<i>Statement of Cash Flows</i>		
<i>For the Fiscal Year Ended June 30, 2004</i>		<i>Exhibit A-3</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Customers		\$ 6,157,797.86
Payments to Employees and Fringe Benefits		(8,547,046.42)
Payments to Vendors and Suppliers		(3,952,494.97)
Payments for Scholarships and Fellowships		(2,249,702.13)
Loans Issued to Students		(41,283.10)
Collection of Loans to Students		42,938.53
Other Payments		(3,036.37)
Net Cash Used by Operating Activities		(8,592,826.60)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Aid Received		6,920,701.08
County Appropriations		1,102,251.00
Noncapital Grants Received		210,114.69
Cash Provided by Noncapital Financing Activities		8,233,066.77
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Capital Aid Received		1,591,880.32
County Capital Appropriations		41,700.00
Acquisition and Construction of Capital Assets		(839,798.19)
Net Cash Provided by Capital and Related Financing Activities		793,782.13
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income		49,603.72
Cash Provided by Investing Activities		49,603.72
Net Increase in Cash and Cash Equivalents		483,626.02
Cash and Cash Equivalents, July 1, 2003		1,611,674.74
Cash and Cash Equivalents, June 30, 2004		\$ 2,095,300.76
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss		\$ (9,253,937.96)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		462,963.61
Provision for Uncollectible Loans and Write-Offs		3,375.13
Miscellaneous Nonoperating Income		1,954.65
Changes in Assets and Liabilities:		
Receivables, Net		163,971.61
Due from Community College Component Units		(43,848.61)
Notes Receivable, Net		1,655.43
Accounts Payable and Accrued Liabilities		(13,911.77)
Deferred Revenue		29,690.93
Funds Held for Others		(3,594.53)
Compensated Absences		58,854.91
Net Cash Used by Operating Activities		\$ (8,592,826.60)

<i>Wilson Technical Community College</i>		
<i>Statement of Cash Flows</i>		<i>Exhibit A-3</i>
<i>For the Fiscal Year Ended June 30, 2004</i>		<i>Page 2</i>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current Assets:		
	Cash and Cash Equivalents	\$ 956,091.07
	Restricted Cash and Cash Equivalents	193,153.98
Noncurrent Assets:		
	Restricted Cash and Cash Equivalents	946,055.71
	Total Cash and Cash Equivalents - June 30, 2004	<u>\$ 2,095,300.76</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
	Increase in Receivables Related to Nonoperating Income	\$ 86,674.72
The accompanying notes to the financial statements are an integral part of this statement.		

<i>Wilson Technical Community College Foundation, Inc.</i>			
<i>Statement of Financial Position</i>			
<i>December 31, 2003</i>			<i>Exhibit B-1</i>
ASSETS			
Cash and Cash Equivalents			\$ 1,185.70
Investments			1,217,024.38
Total Assets			<u>\$ 1,218,210.08</u>
NET ASSETS			
Unrestricted Net Assets			\$ 1,218,210.08
Total Net Assets			<u>\$ 1,218,210.08</u>
See Note 1 in the Notes to the Financial Statements			

<i>Wilson Technical Community College Foundation, Inc.</i>			
<i>Statement of Activities</i>			
<i>For the Year Ended December 31, 2003</i>			<i>Exhibit B-2</i>
UNRESTRICTED REVENUES AND GAINS			
Contributions Received		\$	81,651.29
Investment Income			39,200.95
Net Realized Gain on Investments			6,437.28
Net Unrealized Gain on Investments			12,049.67
Total Unrestricted Revenues and Gains			139,339.19
EXPENSES			
Program Services			42,336.88
Support Services			5,645.48
Total Expenses			47,982.36
Increase in Unrestricted Net Assets			91,356.83
Net Assets January 1, 2003 - Before Restatement			1,097,238.13
Increase in Net Assets Due to Change in Accounting Method to Reflect Investments at Market Value Basis Rather Than at Original Cost			19,982.13
Increase in Net Assets Due to Change in Method Used to Carry Cost of Investment Securities			9,632.99
Net Assets, December 31, 2003		\$	1,218,210.08
See Note 1 in the Notes to the Financial Statements			

WILSON TECHNICAL COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

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. Wilson 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 of the College and component units for which the College's Board of Trustees is financially accountable. The College's component unit is discretely presented in the financial statements. Discretely presented component units' financial data are reported in separate financial statements because of their use of different GAAP reporting models and to emphasize their legal separateness.

Discretely Presented Component Unit – Wilson Technical Community College Foundation, Inc. is a legally separate not-for-profit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the College.

The Wilson Technical Community College Foundation, Inc. is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation board consists of 15 directors. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is reported in separate financial statements because of the difference in its reporting model, as described below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Wilson Technical Community College Foundation, Inc. is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Financial statements for the College and its discretely presented component unit are presented as of and for the fiscal year ended June 30, 2004, except for Wilson Technical Community College Foundation, Inc. whose financial statements are as of and for the fiscal year ended December 31, 2003.

Complete financial statements for the Foundation can be obtained from Wilson Technical Community College Foundation, Inc. Office, 902 Herring Avenue, Wilson, North Carolina or by calling 252-291-1195.

- 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.

- 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)

- D. Cash and Cash Equivalents** – This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, overnight repurchase agreements, and deposits held by the State Treasurer in the short-term investment portfolio. 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, 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 provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.
- F. Inventories** – Bookstore inventories, consisting of merchandise for resale, are valued at the lower of cost or market value using the first-in, first-out method. All other inventories held by the College are valued at the lower of cost or market value using the last invoice 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 and/or units of output method over the estimated useful lives of the assets, generally 10 to 15 years for general infrastructure, 10 to 40 years for buildings, and 3 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 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.

In addition to the vacation leave described above, compensated absences includes the accumulated unused portion of the special annual leave bonuses awarded by the College to all full-time permanent employees as of September 30, 2002, and as of July 1, 2003. The unused portion of this leave remains available until used, notwithstanding the limitation on annual leave carried forward described above.

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 – 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 classifies its revenues and expenses as operating or nonoperating in the accompanying 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. 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 and copy centers. 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 removing the revenue and expense in the auxiliary operations and sales and service units and, if significant,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 vehicle purchases, and maintenance of equipment. Unexpended county current appropriation and county capital appropriation do not revert and are available for future use as approved by the county commissioners.

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 \$1,529.50. The carrying amount of cash on deposit was \$2,093,771.26 and the bank balance was \$2,293,018.36.

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	\$ 1,264,626.94	\$ 1,290,651.07
Cash on Deposit with Private Financial Institutions	<u>829,144.32</u>	<u>1,002,367.29</u>
	<u>\$ 2,093,771.26</u>	<u>\$ 2,293,018.36</u>

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 Investment Pool. These moneys are invested in accordance with General

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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 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.

Of the cash on deposit with private financial institutions at June 30, 2004, \$150,984.92 of the bank balance was covered by federal depository insurance and \$851,382.37 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, 2004, were as follows:

	<u>Gross Receivables</u>	<u>Less Allowance for Doubtful Accounts</u>	<u>Net Receivables</u>
Current Receivables:			
Students	\$ 99,757.72	\$ 3,523.52	\$ 96,234.20
Accounts	44,158.36	1,959.14	42,199.22
Intergovernmental	156,516.88		156,516.88
Investment Earnings	<u>3,048.45</u>		<u>3,048.45</u>
Total Current Receivables	<u>\$ 303,481.41</u>	<u>\$ 5,482.66</u>	<u>\$ 297,998.75</u>
Notes Receivable - Current:			
Institutional Student Loan Programs	<u>\$ 21,797.47</u>	<u>\$ 8,490.37</u>	<u>\$ 13,307.10</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, 2004, is presented as follows:

	Balance July 1, 2003	Adjustments	Increases	Balance June 30, 2004
Capital Assets, Nondepreciable:				
Land	\$ 329,016.19	\$ 0.00	\$ 164,999.47	\$ 494,015.66
Construction in Progress	734,705.42	(1,164,256.67)	429,551.25	494,015.66
Total Capital Assets, Nondepreciable	1,063,721.61	(1,164,256.67)	594,550.72	494,015.66
Capital Assets, Depreciable:				
Buildings	7,352,598.86	1,164,256.67		8,516,855.53
Machinery and Equipment	5,367,083.07		215,478.22	5,582,561.29
General Infrastructure	751,609.60			751,609.60
Total Capital Assets, Depreciable	13,471,291.53	1,164,256.67	215,478.22	14,851,026.42
Less Accumulated Depreciation:				
Buildings	4,479,453.05		172,659.57	4,652,112.62
Machinery and Equipment	3,477,998.29		271,030.00	3,749,028.29
General Infrastructure	562,928.37		19,274.04	582,202.41
Total Accumulated Depreciation	8,520,379.71		462,963.61	8,983,343.32
Total Capital Assets, Depreciable, Net	4,950,911.82	1,164,256.67	(247,485.39)	5,867,683.10
Capital Assets, Net	\$ 6,014,633.43	\$ 0.00	\$ 347,065.33	\$ 6,361,698.76

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2004, were as follows:

	Amount
Accounts Payable	\$ 65,214.04
Accrued Payroll	7,498.06
Total Accounts Payable and Accrued Liabilities	\$ 72,712.10

NOTE 6 - LONG-TERM LIABILITIES

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

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Current Portion
Compensated Absences	\$ 290,065.26	\$ 311,128.98	\$ 252,274.07	\$ 348,920.17	\$ 74,769.68

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - OPERATING LEASE OBLIGATIONS

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2004:

<u>Fiscal Year</u>	<u>Amount</u>
2005	\$ 58,704.61
2006	66,524.17
2007	66,524.17
2008	66,524.17
2009	22,816.36
Total Minimum Lease Payments	<u>\$ 281,093.48</u>

Rental expense for all operating leases during the year was \$51,527.37.

NOTE 8 - REVENUES

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

	<u>Gross Revenues</u>	<u>Internal Sales Eliminations</u>	<u>Less Scholarship Discounts</u>	<u>Less Allowance for Uncollectibles</u>	<u>Net Revenues</u>
Operating Revenues:					
Student Tuition and Fees	<u>\$ 1,862,743.23</u>	<u>\$ 0.00</u>	<u>\$ 1,433,738.62</u>	<u>\$ 1,356.74</u>	<u>\$ 427,647.87</u>
Sales and Services:					
Sales and Services of Auxiliary Enterprises:					
Bookstore	\$ 942,445.82	\$ 0.00	\$ 0.00	\$ 0.00	\$ 942,445.82
Print Shop	131,006.78	131,006.78			
Central Stores	34,247.12	34,247.12			
Other	29,008.09				29,008.09
Sales and Services of Educational and Related Activities	<u>40,865.75</u>				<u>40,865.75</u>
Total Sales and Services	<u>\$ 1,177,573.56</u>	<u>\$ 165,253.90</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,012,319.66</u>

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	\$ 4,775,395.99	\$ 433,927.20	\$ 764,840.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,974,163.22
Academic Support	1,017,245.43	201,913.49	79,571.40				1,298,730.32
Student Services	1,051,291.97	80,179.02	280,539.34				1,412,010.33
Institutional Support	1,323,908.35	100,796.99	520,188.40				1,944,893.74
Operations and Maintenance of Plant	355,229.18	230,711.97	186,341.20		292,003.44		1,064,285.79
Student Financial Aid				2,232,720.24			2,232,720.24
Auxiliary Enterprises	76,712.84	706,450.71	27,184.01				810,347.56
Depreciation						462,963.61	462,963.61
Total Operating Expenses	<u>\$ 8,599,783.76</u>	<u>\$ 1,753,979.38</u>	<u>\$ 1,858,664.38</u>	<u>\$ 2,232,720.24</u>	<u>\$ 292,003.44</u>	<u>\$ 462,963.61</u>	<u>\$ 15,200,114.81</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, 2004, these rates were set at .22% of covered payroll for employers and 6% of covered payroll for members.

For the year ended June 30, 2004, the College had a total payroll of \$7,347,991.93, of which \$5,718,575.68 was covered under the Teachers' and State Employees' Retirement System. Total employee and employer contributions for pension benefits for the year were \$343,114.55 and \$12,580.87, respectively. The College made one hundred percent of its annual required contributions for the years ended June 30, 2004, 2003, and 2002, which were \$12,580.87, \$0.00, and \$110,337.30, respectively.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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 \$6,684.72 for the year ended June 30, 2004.

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 \$42,658.00 for the year ended June 30, 2004.

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 \$12,086.00 for the year ended June 30, 2004.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 3.2% of the covered payroll under the Teachers' and State Employees' Retirement System for these health care benefits. For the fiscal year ended

June 30, 2004, the College's total contribution to the Plan was \$182,994.42. 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. Employer contributions are established in the Appropriations Bill by the General Assembly. The College was not required to contribute to the DIPNC for the fiscal year ended June 30, 2004. 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. Except for a reduction in the public officers' and employees' liability insurance from \$11,000,000 to \$5,000,000, there have been no significant reductions in

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$5,000,000 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.

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 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 Carolina Department of Insurance with coverage of \$5,000,000 per occurrence and a \$50,000 deductible. The College has secured a blanket fidelity insurance bond from a private company to cover the \$50,000 deductible and employees who are paid from county or institutional funds. Coverage for these employees is limited to \$10,000 per occurrence and a \$500 deductible.

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. There were no employer contributions required for the current fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

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 - COMMUNITY COLLEGE GENERAL OBLIGATION BONDS

The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of \$600 million 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 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 \$3,806,471.00 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 - CHANGE IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2004, the College implemented Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship to the College.

***Wilson Technical Community College
Schedule of General Obligation Bond Project Authorizations,
Budgets, and Expenditures
For Project-to-Date as of June 30, 2004***

Schedule 1

	Original Projected Start Date	Revised/ Actual Start Date	General Obligation Bonds Authorized	Other Sources	Total Project Budget	Amount Expended	Percent Completed	Original Expected Completion Date	Revised/ Actual Completion Date
<i>Capital Improvement Projects</i>									
<i>Projects Approved by the State Board</i>									
Tech Center Land Acquisition Project #1345	Oct 2003	Oct 2003	\$ 165,000.00	\$ 0.00	\$ 165,000.00	\$ 164,999.47	100.00%	Jun 2004	May 2004
Renovation Project - Year 2001 #1149	Jan 2001	Jan 2001	336,540.00		336,540.00	336,540.00	100.00%	Nov 2002	Oct 2002
Community/Business Center #1150	Apr 2001	Apr 2001	1,164,257.00		1,164,257.00	1,164,256.67	100.00%	Sep 2003	Jun 2004
Renovation Project - Year 2002 #1229	Jan 2002	Jan 2002	225,000.00		225,000.00	224,999.69	100.00%	Sep 2003	Sep 2003
Renovation Project - Year 2003 #1305	Jan 2003	Jan 2003	275,000.00		275,000.00	114,247.65	41.54%	Jan 2004	Apr 2005
Renovation Project - Year 2004 #1389	Jan 2004	May 2004	230,000.00		230,000.00			Jan 2005	Jul 2005
<i>Projects Not Started - To Be Funded in Future Years</i>									
Technology Center/Student Union #1401	Sep 2003	Jul 2004	3,255,346.00		3,255,346.00			Jun 2006	Jul 2006
Police Academy Center #1426	Sep 2004	Nov 2004	105,311.00	55,000.00	160,311.00			May 2006	May 2006
Police Driver Training Course #1402	Sep 2004	Oct 2004	200,000.00	147,000.00	347,000.00			May 2006	On Hold
Renovation Project - Year 2005	Jan 2005	Jan 2005	291,996.00		291,996.00			Jan 2006	Jan 2006
Total All Projects			\$ 6,248,450.00	\$ 202,000.00	\$ 6,450,450.00	\$ 2,005,043.48			

Note: The 1999-2000 Session of the General Assembly of North Carolina authorized the issuance of \$600 million 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.

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May 18, 2005

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