



RALPH CAMPBELL, JR.  
STATE AUDITOR

STATE OF NORTH CAROLINA  
Office of the State Auditor

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March 11, 2004

Mr. Cleve Paul, Chairman  
Board of Trustees  
Wayne Community College  
PO Box 287  
Goldsboro, NC 27533



Dear Mr. Paul:

We have audited the financial statements of Wayne Community College for the year ended June 30, 2003, and have issued our report thereon dated February 4, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards, *Government Auditing Standards*, and OMB Circular A-133

As stated in our engagement letter dated December 18, 2003, our responsibility, as described in professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

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 an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program of the State of North Carolina 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.

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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the College's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to the State of North Carolina's major federal programs for the purpose of expressing an opinion on compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on compliance with those requirements.

Mr. Cleve Paul, Chairman, Board of Trustees  
March 11, 2004  
Page 2

### Other Information in Documents Containing Audited Financial Statements

We have submitted to you a report containing audited financial statements, our independent auditor's report, and certain supplementary information. Our responsibility for other information in a document containing the audited financial statements and our report thereon does not extend beyond the financial information identified in the report. Generally accepted auditing standards and *Government Auditing Standards* do not require that we perform any procedures to corroborate the other information in the document.

However, in accordance with the auditing standards referred to above, we have applied certain limited procedures to the management discussion and analysis section of the report, which is supplementary information required by accounting principles generally accepted in the United States of America. Our procedures consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. We are responsible for reporting deficiencies in, or the omission of, the required supplementary information. Nothing came to our attention that caused us to believe that any required supplementary information was omitted or that the measurement or presentation of the required supplementary information departs materially from prescribed guidelines. „

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The Schedule of General Obligation Bond Project Authorizations, Budgets, and Expenditures included in the report has been subjected to the auditing procedures applied by us in the audit of the basic financial statements. In our independent auditor's report, we express an opinion on this information in relation to the basic financial statements.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2003.

In accordance with the terms of our engagement letter, we advised management ' about the appropriateness of accounting policies and their application. We noted no transactions during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the estimate of the useful lives of assets. Management's estimate was based on guidance from the Office of the State Controller. We evaluated the key factors and assumptions used to develop the useful lives of assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the College's financial reporting process (that is, cause future financial statements to be materially misstated), hi our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the College, either individually or in the aggregate, indicate matters that could have a significant effect on the College's financial reporting process.

Consultations with Other Independent Accountants

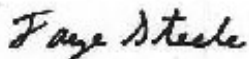
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations: If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit. This information is intended solely for the use of the Board of Trustees and management of Wayne Community College and is not intended to be and should not be used by anyone other than those specified parties. If you have any questions about these matters, please contact the Audit Manager at (919)807-7500.

Sincerely,

RALPH CAMPBELL, JR.  
STATEAUDITOR



Faye Steele, CPA  
Audit Manager

RCjr/FS:am

Dr. Edward H. Wilson, Jr., President  
Ms. Alice Wadsworth, Chief Financial Officer