



# STATE OF NORTH CAROLINA

**FINANCIAL STATEMENT AUDIT REPORT OF**  
**RANDOLPH COUNTY PARTNERSHIP FOR CHILDREN**  
**ASHEBORO, NORTH CAROLINA**  
**FOR THE YEAR ENDED JUNE 30, 2001**

**OFFICE OF THE STATE AUDITOR**

**RALPH CAMPBELL, JR.**

**STATE AUDITOR**

**FINANCIAL STATEMENT AUDIT REPORT OF**  
**RANDOLPH COUNTY PARTNERSHIP FOR CHILDREN**  
**ASHEBORO, NORTH CAROLINA**  
**FOR THE YEAR ENDED JUNE 30, 2001**

**BOARD OF DIRECTORS**

**MARY M. COOPER, CHAIR**

**ADMINISTRATIVE OFFICER**

**PAULINE A. MCKEE, EXECUTIVE DIRECTOR**



Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA  
Office of the 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 Directors, Randolph County Partnership for Children

This report presents the results of our financial statement audit of the Randolph County Partnership for Children (Randolph Partnership) for the year ended June 30, 2001. Our audit was made by authority of Article 5A of G.S. §147.

The accounts and operations of the Randolph Partnership were subject to audit procedures as we considered necessary for us to report on the accompanying financial statements and supplementary information. 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 audit of the Randolph Partnership was made in conjunction with the Early Childhood Initiatives (Smart Start) program authorized by G.S. 143B-168.10-.16. This statute created the North Carolina Partnership for Children, Inc. and required the implementation of local demonstration projects (local partnerships). The Randolph Partnership is one of these local partnerships. As such, the Randolph Partnership is a private nonprofit 501(c)(3) organization and is required by G.S. 143B-168.14(b) to have an annual financial and compliance audit conducted by the State Auditor.

The purpose of this report is to present the results of our audit on the accompanying financial statements. A summary of our reporting objectives and audit results are:

1. **Objective** - Express an opinion on the accompanying financial statements and supplementary information.

**Results** – The accompanying financial statements present fairly, in all material respects, the amounts and disclosures made in accordance with the regulatory basis of accounting established by the North Carolina Partnership for Children, Inc. The accompanying supplementary information presents information that is fairly stated in all material respects in relation to the basic financial statements.

## AUDITOR'S TRANSMITTAL (CONCLUDED)

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2. **Objective** - Present instances of noncompliance, if any, with laws, regulations, contracts, or grants.

**Results** - Our tests disclosed no instances of noncompliance which require disclosure herein under *Government Auditing Standards*.

3. **Objective** - Present significant deficiencies, if any, in internal control over financial reporting which could adversely affect the Randolph Partnership's ability to record, process, summarize, and report financial data in the financial statement.

**Results** - Our tests disclosed no material weaknesses in the internal control over financial reporting which require disclosure herein under *Government Auditing Standards*.

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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Ralph Campbell, Jr.  
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**INDEPENDENT AUDITOR'S REPORT**

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Board of Directors  
Randolph County Partnership for Children  
Asheboro, North Carolina

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis of the Randolph County Partnership for Children (Randolph Partnership) as of June 30, 2001, and the related Statement of Functional Expenditures – Regulatory Basis for the year then ended. These financial statements are the responsibility of the Randolph Partnership'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 statement is 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.

As described in Note 1, the accompanying financial statements were prepared on the regulatory basis of accounting as prescribed by the North Carolina Partnership for Children, Inc., which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Randolph County Partnership for Children as of June 30, 2001, and the results of its operations for the year then ended, on the basis of accounting described in Note 1.

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2002 on our consideration of the Randolph Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the independent auditor's report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Randolph County Partnership for Children taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules 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 management of the partnership, the North Carolina Partnership for Children, Inc., the Governor, and the General Assembly and is not intended to be, and should not be, used by anyone other than these specified parties.



Ralph Campbell, Jr.  
State Auditor

March 8, 2002

**Randolph County Partnership for Children**

**Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis**

**For the Year Ended June 30, 2001**

**Exhibit A**

|   | Unrestricted Funds |                    | Temporarily Restricted Funds | Total Funds      |
|---|--------------------|--------------------|------------------------------|------------------|
|   | Smart Start Fund   | Other Funds        |                              |                  |
| <b>Receipts:</b>                            |                    |                    |                              |                  |
| State Awards (less refunds of \$319,530)    | \$ 1,061,793       | \$ 12,000          | \$ 0                         | \$ 1,073,793     |
| Private Contributions                       |                    | 50                 | 104,770                      | 104,820          |
| Interest and Investment Earnings            |                    | 11,068             |                              | 11,068           |
| Sales Tax Refunds                           |                    | 16,216             |                              | 16,216           |
| Other Receipts                              | 495                |                    |                              | 495              |
| <b>Total Receipts</b>                       | <b>1,062,288</b>   | <b>39,334</b>      | <b>104,770</b>               | <b>1,206,392</b> |
| <b>Expenditures:</b>                        |                    |                    |                              |                  |
| Programs:                                   |                    |                    |                              |                  |
| Child Care and Education Quality            | 506,962            |                    |                              | 506,962          |
| Family Support                              | 61,016             |                    |                              | 61,016           |
| Health and Safety                           | 218,328            |                    |                              | 218,328          |
| Success by 6                                | 218,311            | 61,839             |                              | 280,150          |
| Support:                                    |                    |                    |                              |                  |
| Management and General                      | 251,242            | 6,615              |                              | 257,857          |
| Program Coordination                        | 54,386             |                    |                              | 54,386           |
| Program Evaluation                          | 46,951             |                    |                              | 46,951           |
| Other:                                      |                    |                    |                              |                  |
| Sales Tax Paid                              |                    | 15,976             |                              | 15,976           |
| <b>Total Expenditures</b>                   | <b>1,357,196</b>   | <b>84,430</b>      | <b>0</b>                     | <b>1,441,626</b> |
| <b>Excess of Receipts Over Expenditures</b> | <b>(294,908)</b>   | <b>(45,096)</b>    | <b>104,770</b>               | <b>(235,234)</b> |
| <b>Net Assets at Beginning of Year</b>      | <b>319,530</b>     | <b>(3,230)</b>     | <b>0</b>                     | <b>316,300</b>   |
| <b>Net Assets at End of Year</b>            | <b>\$ 24,622</b>   | <b>\$ (48,326)</b> | <b>\$ 104,770</b>            | <b>\$ 81,066</b> |
| <b>Net Assets Consisted of:</b>             |                    |                    |                              |                  |
| Petty Cash                                  | \$ 61              | \$ 0               | \$ 0                         | \$ 61            |
| Cash on Deposit                             | 17,224             | (48,326)           | 104,770                      | 73,668           |
| Refunds Due From Contractors                | 7,337              |                    |                              | 7,337            |
|   | <b>24,622</b>      | <b>(48,326)</b>    | <b>104,770</b>               | <b>81,066</b>    |

The accompanying notes to the financial statement are an integral part of this statement.



**Randolph County Partnership for Children**  
**Schedule of Functional Expenditures - Regulatory Basis**  
**For the Year Ended June 30, 2001**

**Exhibit B**

|  | Total            | Personnel      | Contracted Services | Supplies and Materials | Other Operating Expenses | Fixed Charges and Other Expenses | Property and Equipment Outlay | Services/ Contracts/ Grants | Participant Training Expense |
|--|------------------|----------------|---------------------|------------------------|--------------------------|----------------------------------|-------------------------------|-----------------------------|------------------------------|
| <b>Smart Start Fund:</b>                   |                  |                |                     |                        |                          |                                  |                               |                             |                              |
| <b>Programs:</b>                           |                  |                |                     |                        |                          |                                  |                               |                             |                              |
| Child Care and Education Quality           | 506,962          |                | 9,816               | 2                      | 29                       | 4                                |                               | 497,111                     |                              |
| Family Support                             | 61,016           | 24,543         | 11,163              | 20,249                 | 4,235                    | 453                              | 373                           |                             |                              |
| Health and Safety                          | 218,328          |                |                     |                        |                          |                                  |                               | 218,328                     |                              |
| Success by 6                               | 218,311          | 6,178          | 43,835              | 2,282                  | 6,835                    | 203                              | 486                           | 158,492                     |                              |
|  | 1,004,617        | 30,721         | 64,814              | 22,533                 | 11,099                   | 660                              | 859                           | 873,931                     | 0                            |
| <b>Support:</b>                            |                  |                |                     |                        |                          |                                  |                               |                             |                              |
| Management and General                     | 251,242          | 116,328        | 43,127              | 9,316                  | 26,213                   | 12,340                           | 43,918                        |                             |                              |
| Program Coordination                       | 54,386           | 42,979         | 7,906               | 90                     | 1,986                    | 572                              | 853                           |                             |                              |
| Program Evaluation                         | 46,951           | 23,409         | 19,834              | 421                    | 851                      | 22                               | 2,414                         |                             |                              |
|  | 352,579          | 182,716        | 70,867              | 9,827                  | 29,050                   | 12,934                           | 47,185                        | 0                           | 0                            |
| <b>Total Smart Start Fund Expenditures</b> | <b>1,357,196</b> | <b>213,437</b> | <b>135,681</b>      | <b>32,360</b>          | <b>40,149</b>            | <b>13,594</b>                    | <b>48,044</b>                 | <b>873,931</b>              | <b>0</b>                     |
| <b>Other Funds:</b>                        |                  |                |                     |                        |                          |                                  |                               |                             |                              |
| <b>Programs:</b>                           |                  |                |                     |                        |                          |                                  |                               |                             |                              |
| Success by 6                               | 61,839           | 23,221         | 0                   | 1,048                  | 4,223                    | 219                              | 20                            | 33,108                      | 0                            |
| <b>Support:</b>                            |                  |                |                     |                        |                          |                                  |                               |                             |                              |
| Management and General                     | 6,615            | 0              | 6,615               | 0                      | 0                        | 0                                | 0                             | 0                           | 0                            |
| <b>Other:</b>                              |                  |                |                     |                        |                          |                                  |                               |                             |                              |
| Sales Tax Paid                             | 15,976           | 0              | 0                   | 15,976                 | 0                        | 0                                | 0                             | 0                           | 0                            |
| <b>Total Other Funds Expenditures</b>      | <b>84,430</b>    | <b>23,221</b>  | <b>6,615</b>        | <b>17,024</b>          | <b>4,223</b>             | <b>219</b>                       | <b>20</b>                     | <b>33,108</b>               | <b>0</b>                     |

**RANDOLPH COUNTY PARTNERSHIP FOR CHILDREN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2001**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose** - The Randolph County Partnership for Children (Randolph Partnership) is a legally separate nonprofit organization incorporated on August 27, 1998. The Randolph Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Randolph Partnership is tax-exempt as an organization described in Section 501(c)(3) of the Internal Revenue Code.

**B. Basis of Presentation** - The accompanying financial statements present all funds for which the Randolph Partnership's Board of Directors is responsible. In accordance with Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-For-Profit Organizations," the accompanying financial statements present information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this Statement, temporarily restricted contributions received and expended in the same year are reported as unrestricted receipts rather than as temporarily restricted receipts.

Contributions that are temporarily restricted and not expended within the year received are reported as an increase in temporarily restricted net assets. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of receipts, expenditures, and net assets as net assets released from restrictions.

The Randolph Partnership did not have any permanently restricted net assets at June 30, 2001.

**C. Basis of Accounting** - The accompanying financial statements were prepared on the regulatory basis of accounting as prescribed by the North Carolina Partnership for Children, Inc. This basis differs from generally accepted accounting principles primarily because it recognizes long lived assets and other costs which benefit more than one period as expended in the year purchased; it recognizes revenue when received rather than when earned; and it recognizes expenditures when paid rather than when incurred.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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However, unexpended advances to contractors that revert back to the State are recognized as a reduction to expenditures and an increase to net assets.

**D. Refunds Due From Contractors** - Refunds due from contractors represent the unexpended amount of advances to contractors at year end which are to be refunded back to the State. As recoveries are collected, the receivable balance is reduced. Payments to the State for the recovered advances are recorded as a reduction to the state awards balance.

**E. Use of Estimates** - The financial statements include estimates and assumptions made by management for the allocation of joint costs. It is management's belief that these estimates are reasonable and fair.

### NOTE 2 - DEPOSITS

All funds of the Randolph Partnership are deposited with a commercial bank and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Deposits over this amount subjects the Randolph Partnership to a concentration of credit risk. At June 30, 2001, the Randolph Partnership's bank deposits in excess of the FDIC insured limit was \$346,186.

### NOTE 3 - FUNDING FROM GRANT AWARDS

**Smart Start Program** - The Randolph Partnership's major source of revenue and support is from the State of North Carolina based on cost-reimbursement contracts with the North Carolina Partnership for Children, Inc. (NCPC) for the Smart Start Program. A significant reduction in the level of funding from the State could have an adverse effect on the operations of the Randolph Partnership and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Randolph Partnership is responsible for developing a comprehensive, collaborative, long-range plan of services to children and families for the service-delivery area. During the year, the Department of Health and Human Services (DHHS) entered into contracts with and made payments to service providers selected by the Randolph Partnership. These service provider contracts are not reflected on the accompanying financial statement. However, a summary of the service provider contracts entered into by DHHS are presented on Schedule 2 accompanying the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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The Randolph Partnership was awarded \$1,489,196 under a current year Smart Start contract with NCPC and has received \$1,381,323 of this amount. The unexpended balance of this contract is subject to reversion to the State. The Partnership has returned \$19,429 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2001.

The Partnership expects to receive continued funding through new Smart Start contracts with the State.

### NOTE 4 - RELATED PARTY TRANSACTIONS

**Service Provider Contracts with Board Member Organizations** - The board members of the Randolph Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Randolph Partnership that board members not be involved with decisions regarding organizations they represent. During the year, the Partnership entered into contracts with board member organizations for program activities as identified on Schedule 1 accompanying the financial statements. In addition, Schedule 2 identifies contracts entered into by DHHS with board member organizations for activities funded by the Partnership's Smart Start Allocation.

### NOTE 5 - FUNCTIONAL EXPENDITURES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Receipts, Expenditures, and Net Assets – Regulatory Basis. Also, the Statement of Functional Expenditures – Regulatory Basis provides detail of the functional costs by their natural classification. Following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

#### A. Program Functions

**Child Care and Education Quality** - Used to account for service activities including quality enhancement grants and child care substitutes.

**Family Support** - Used to account for service activities associated with outreach plans to assess services.

**Health and Safety** - Used to account for service activities including prenatal/newborn services and outreach nurses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**Success by 6** – A United Way early childhood initiative that promotes the development of local strategies to assist young children to be ready to succeed by the age of six.

### **B. Support Functions**

**Management and General** - Expenditures that are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to an organization's existence, including expenditures for the overall direction of the organization, its general board activities, business management, general recordkeeping, budgeting, and related purposes.

**Program Coordination** – Expenditures that are incurred to coordinate the policies, procedures, and daily practices of service delivery. Also, costs associated with monitoring in-house and direct service provider activities.

**Program Evaluation** - Expenditures that are incurred to monitor the performance of service providers as to the delivery of services and adherence to the specific terms and conditions of the contracts.

### **C. Allocation of Joint Costs**

Expenditures benefiting more than one purpose were allocated as follows:

**Salaries and Benefits** - Allocated based on employee time reports.

**Other Costs** - Other costs including occupancy cost (rent, utilities and maintenance), supplies and materials, and communication costs (telephone and printing) were allocated based on utilization data.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### NOTE 6 - COMMITMENTS AND CONTINGENCIES

- A. Leases** - The following is a schedule by years of future minimum rental payments required under leases that have noncancelable lease terms as of June 30, 2001:

| <u>Fiscal Year</u>                  | <u>Operating<br/>Leases</u> |
|-------------------------------------|-----------------------------|
| 2002                                | \$ 4,949                    |
| 2003                                | 2,584                       |
| 2004                                | 600                         |
| 2005                                | 150                         |
| <b>Total Minimum Lease Payments</b> | <b>\$ 8,283</b>             |

Total rental expenditure for all operating leases was \$4,949 for the year ended June 30, 2001.

- B. Loan Commitment** - The Randolph Partnership has a note with a balance of \$67,901 at June 30, 2001 that is secured by the Partnership's offices and payable to Randolph Bank and Trust Company in quarterly installments of \$3,990. This amount includes principal and interest computed at an annual rate of 5.63%.

The future scheduled maturities of long-term debt are as follows:

| <u>Fiscal Year</u>         | <u>Principal<br/>Amount</u> | <u>Interest<br/>Amount</u> |
|----------------------------|-----------------------------|----------------------------|
| 2002                       | \$ 12,454                   | \$ 3,506                   |
| 2003                       | 13,070                      | 2,890                      |
| 2004                       | 13,826                      | 2,134                      |
| 2005                       | 14,638                      | 1,322                      |
| 2006                       | 13,913                      | 467                        |
| <b>Total Loan Payments</b> | <b>\$ 67,901</b>            | <b>\$ 10,319</b>           |

## NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

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### NOTE 7 - PENSION PLAN

**IRC Section 403(b)** – The Randolph Partnership has a defined contribution plan covering all employees. Each full-time employee of the Randolph Partnership, as a condition of employment, is provided an individual annuity through an outside insurance company. The Randolph Partnership contributed 10% of gross wages for the year ended June 30, 2001. The Randolph Partnership does not own the annuities nor is liable for any other cost other than the required contribution.

For the year ended June 30, 2001, the Randolph Partnership had a total payroll of \$196,127, of which only a portion was covered under the plan. The Partnership contributed \$3,641 for pension benefits during the year. The voluntary contributions by employees amounted to \$55 during the year ended June 30, 2001.

### NOTE 8 - RESTRICTIONS ON NET ASSETS

**Temporarily Restricted Net Assets** - Temporarily restricted net assets at June 30, 2001 are available for the following purposes:

| Purpose                   | Amount            |
|---------------------------|-------------------|
| Success by 6 – United Way | \$ <u>104,770</u> |

*Randolph County Partnership for Children  
 Schedule of Contract and Grant Expenditures - Regulatory Basis  
 For the Year Ended June 30, 2001*

*Schedule 1*

| Organization Name                 | Smart Start Fund |                | Other Funds     |            |
|-----------------------------------|------------------|----------------|-----------------|------------|
|                                   | Amount Advanced  | Refund Due     | Amount Advanced | Refund Due |
| Asheboro City Schools             | 142,702          | (3,459)        |                 |            |
| Precious Memories Preschool       | 4,357            |                |                 |            |
| Randleman Elementary School       | 1,384            |                |                 |            |
| Randolph Community College        | 200,041          | (1,329)        |                 |            |
| Randolph County Health Department | 220,727          | (2,399)        |                 |            |
| Randolph County Schools           | 23,692           | (150)          | 32,490          |            |
| Sunrise Child Care Center         | 12,310           |                |                 |            |
| The Children's Center of Asheboro | 15,321           |                |                 |            |
| The Growing Place                 | 20,755           |                |                 |            |
| Various Day Care Providers        | 239,979          |                | 618             |            |
|                                   | <b>881,268</b>   | <b>(7,337)</b> | <b>33,108</b>   | <b>0</b>   |

\* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.



***Randolph County Partnership for Children  
Schedule of State Level Service Provider Contracts  
For the Year Ended June 30, 2001***

***Schedule 2***

| <b>Organization Name</b>  | <b>DHHS<br/>Contracts</b> |
|---|---------------------------|
| Child Care Services Association - WAGES Program   | 86,568                    |
| Randolph County Department of Social Services   | 456,633                   |
|   | <b>543,201</b>            |
| <p>* These organizations are represented on the Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.</p>  |                           |
| <p>The information on this schedule provides a listing of service provider contracts entered into by the Department of Health and Human Services (DHHS) as described in Note 3 - Funding From Grant Awards.</p> |                           |

**Randolph County Partnership for Children**  
**Schedule of State Awards - Regulatory Basis**  
**For the Year Ended June 30, 2001**

*Schedule 3*

| <u>State Grantor/Pass-through Grantor/Program</u>                   | <u>Contract #</u> | <u>Receipts</u>     | <u>Expenditures</u> |
|---|-------------------|---------------------|---------------------|
| <b>State Awards:</b>  |                   |                     |                     |
| North Carolina Department of Health and Human Services              |                   |                     |                     |
| Division of Child Development                                       |                   |                     |                     |
| Pass-through from the North Carolina Partnership for Children, Inc. |                   |                     |                     |
| Early Childhood Initiatives Program (Prior Year)                    | * 1-90-5-25-001   | \$ (319,530)        | \$ 0                |
| Early Childhood Initiatives Program (Current Year)                  | * 1-01-5-25-001   | 1,381,323           | 1,357,196           |
| Multi-County Accounting and Contracting Grant                       | N/A               | 12,000              | 6,615               |
| <b>Total State Awards</b>   |                   | <b>\$ 1,073,793</b> | <b>\$ 1,363,811</b> |

\* Programs with compliance requirements that have a direct and material effect on the financial statement.

**Randolph County Partnership for Children**  
**Schedule of Property and Equipment**  
**For the Year Ended June 30, 2001**

**Schedule 4**

|                                      |                   |
|--------------------------------------|-------------------|
| Furniture and Non-Computer Equipment | \$ 9,388          |
| Computer Equipment/Printers          | 17,653            |
| Buildings                            | 168,177           |
| Leasehold Improvements               | 8,367             |
| <b>Total Property and Equipment</b>  | <b>\$ 203,585</b> |

Note: The information on this schedule provides a summary of property and equipment with acquisition or donated cost of \$500 or more which were held by the Partnership at year end. On the regulatory basis of accounting, these items are expensed in the year purchased.

**Randolph County Partnership for Children**  
**Schedule of Qualifying Match (Non-GAAP)**  
**For the Year Ended June 30, 2001**

**Schedule 5**

**Match Provided at the Partnership Level:**

|                            |                   |
|----------------------------|-------------------|
| Cash                       | \$ 119,564        |
| In-Kind Goods and Services | 70,700            |
|                            | <u>\$ 190,264</u> |

**Match Provided at the Contractor Level:**

|                            |                   |
|----------------------------|-------------------|
| Cash                       | \$ 136,437        |
| In-Kind Goods and Services | 126,269           |
|                            | <u>\$ 262,706</u> |

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 1999-237, Section 11.48(l). The law allows for volunteer services to be valued for match purposes, a concept that deviates from generally accepted accounting principles.

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Ralph Campbell, Jr.  
State Auditor

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

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Board of Directors  
Randolph County Partnership for Children  
Asheboro, North Carolina

We have audited the financial statements of the Randolph County Partnership for Children (Randolph Partnership) as of and for the year ended June 30, 2001, and have issued our report thereon dated March 8, 2002. 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 Randolph Partnership'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 Randolph Partnership's internal control over financial reporting in order to determine our auditing procedures for the purposes 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

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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 operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the partnership, the North Carolina Partnership for Children, the Governor, and the General Assembly and is not intended to be, and should not be, used by anyone other than these specified parties.



Ralph Campbell, Jr.  
State Auditor

March 8, 2002

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In accordance with G.S. § 147-64.5 and G.S. § 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.

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| 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  |
| Ms. Carmen Hooker Odom           | Secretary, Department of Health and Human Services                            |
| Mr. Ashley Thrift                | Chairman, Board of Directors<br>North Carolina Partnership for Children, Inc. |
|                                  | Executive Director<br>North Carolina Partnership for Children, Inc.           |
| Ms. Karen Ponder                 |   |

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Majority Leader of the N.C. Senate  
Minority Leader of the N.C. Senate  
Minority Leader of the N.C. House of Representatives  
N. C. House Speaker Pro-Tem  
Director, Fiscal Research Division

April 23, 2002

## ORDERING INFORMATION

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Copies of this report may be obtained by contacting the:

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