

STATE OF NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT OF PARTNERSHIP FOR CHILDREN OF JOHNSTON COUNTY, INCORPORATED

SELMA, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2001

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

FINANCIAL STATEMENT AUDIT REPORT OF
PARTNERSHIP FOR CHILDREN OF JOHNSTON COUNTY,
INCORPORATED

SELMA, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2001

BOARD OF DIRECTORS

LOIS STEPHENSON, CHAIR

ADMINISTRATIVE OFFICER

NANCY THOMAS, EXECUTIVE DIRECTOR



Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

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AUDITOR'S TRANSMITTAL

The Honorable Michael F. Easley, Governor
The General Assembly of North Carolina
Board of Directors, Partnership for Children of Johnston County, Incorporated

This report presents the results of our financial statement audit of the Partnership for Children of Johnston County, Incorporated (Johnston 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 Johnston 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 Johnston 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 Johnston Partnership is one of these local partnerships. As such, the Johnston 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)

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 Johnston 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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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Partnership for Children of Johnston County, Incorporated
Selma, North Carolina

We have audited the accompanying Statement of Receipts, Expenditures, and Net Assets - Regulatory Basis of the Partnership for Children of Johnston County, Incorporated (Johnston 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 Johnston 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 Partnership for Children of Johnston County, Incorporated 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2001 on our consideration of the Johnston 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.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Partnership for Children of Johnston County, Incorporated 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

September 28, 2001

Partnership for Children of Johnston County, Incorporated
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 | | |
| Receipts: | | | | |
| State Awards (less refunds of \$163,816) | \$ 1,629,326 | \$ 11,881 | \$ 0 | \$ 1,641,207 |
| Private Contributions | | 23,084 | | 23,084 |
| Interest and Investment Earnings | | 10,933 | | 10,933 |
| Sales Tax Refunds | | 8,992 | | 8,992 |
| Other Receipts | | 121,592 | | 121,592 |
| Total Receipts | 1,629,326 | 176,482 | | 1,805,808 |
| Net Assets Released from Restrictions: | | | | |
| Satisfaction of Program Restrictions | | 176 | (176) | |
| | 1,629,326 | 176,658 | (176) | 1,805,808 |
| Expenditures: | | | | |
| Programs: | | | | |
| Child Care and Education Quality | 1,066,872 | 5,070 | | 1,071,942 |
| Child Care and Education Affordability | 147,570 | | | 147,570 |
| Health and Safety | 43,167 | | | 43,167 |
| Family Support | 223,889 | 6,968 | | 230,857 |
| Support: | | | | |
| Management and General | 217,875 | 121,142 | | 339,017 |
| Program Evaluation | 25,868 | | | 25,868 |
| Program Coordination | 49,827 | | | 49,827 |
| Other: | | | | |
| Sales Tax Paid | | 12,351 | | 12,351 |
| Total Expenditures | 1,775,068 | 145,531 | | 1,920,599 |
| Excess of Receipts Over Expenditures | (145,742) | 31,127 | (176) | (114,791) |
| Net Assets at Beginning of Year | 163,697 | (30,231) | 176 | 133,642 |
| Net Assets at End of Year | \$ 17,955 | \$ 896 | \$ 0 | \$ 18,851 |
| Net Assets Consisted of: | | | | |
| Cash on Deposit | \$ 7,347 | \$ 896 | \$ 0 | \$ 8,243 |
| Refunds Due From Contractors | 10,608 | | | 10,608 |
| | \$ 17,955 | \$ 896 | \$ 0 | \$ 18,851 |

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

Partnership for Children of Johnston County, Incorporated
Statement 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 |
|--|------------------|----------------|---------------------|------------------------|--------------------------|----------------------------------|-------------------------------|-----------------------------|------------------------------|
| Smart Start Fund: | | | | | | | | | |
| Programs: | | | | | | | | | |
| Child Care and Education Quality | 1,066,872 | 148,606 | 606 | 42,246 | 60,108 | 2,581 | 18,095 | 793,117 | 1,513 |
| Child Care and Education Affordability | 147,570 | | | | | | | 147,570 | |
| Health and Safety | 43,167 | | | | | | | 43,167 | |
| Family Support | 223,889 | 68,356 | 4,256 | 51,411 | 43,838 | 315 | 3,931 | 50,807 | 975 |
| | 1,481,498 | 216,962 | 4,862 | 93,657 | 103,946 | 2,896 | 22,026 | 1,034,661 | 2,488 |
| Support: | | | | | | | | | |
| Management and General | 217,875 | 146,640 | 13,484 | 10,149 | 33,506 | 3,601 | 10,495 | | |
| Program Evaluation | 25,868 | 3,568 | | | | | | 22,300 | |
| Program Coordination | 49,827 | 39,328 | 873 | 1,605 | 6,089 | 376 | 1,576 | | |
| | 293,570 | 189,536 | 14,357 | 11,754 | 39,575 | 3,977 | 12,071 | 22,300 | 0 |
| Total Smart Start Fund Expenditures | 1,775,068 | 406,498 | 19,219 | 105,411 | 143,521 | 6,873 | 34,097 | 1,066,961 | 2,488 |
| Other Funds: | | | | | | | | | |
| Programs: | | | | | | | | | |
| Child Care and Education Quality | 5,070 | | | 3,581 | 827 | 662 | | | |
| Family Support | 6,968 | | | 6,935 | | | | | 33 |
| | 12,038 | 0 | 0 | 10,516 | 827 | 662 | 0 | 0 | 33 |
| Support: | | | | | | | | | |
| Management and General | 121,142 | 86,659 | 15,341 | 1,941 | 16,916 | 0 | 250 | 0 | 35 |
| Other: | | | | | | | | | |
| Sales Tax Paid | 12,351 | 0 | 0 | 12,351 | 0 | 0 | 0 | 0 | 0 |
| Total Other Funds Expenditures | 145,531 | 86,659 | 15,341 | 24,808 | 17,743 | 662 | 250 | 0 | 69 |

PARTNERSHIP FOR CHILDREN OF JOHNSTON COUNTY, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose - The Partnership for Children of Johnston County, Incorporated (Johnston Partnership) is a legally separate nonprofit organization incorporated on June 19, 1997. The Johnston Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Johnston 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 Johnston 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 Johnston Partnership did not have any temporarily or 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)

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.

NOTE 2 - DEPOSITS

The Johnston Partnership has an Automated Investment Plan to invest excess balances over an established target amount. The investment is in the bank's government securities and is not insured by the FDIC. Consequently, the Johnston Partnership bank deposits in excess of the FDIC insured limit totaled \$87,000 at June 30, 2001.

NOTE 3 - FUNDING FROM GRANT AWARDS

Smart Start Program - The Johnston 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 Johnston Partnership and represents a concentration of credit risk as to the generation of revenue.

Associated with these contracts, the Johnston 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 Johnston 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.

The Johnston Partnership was awarded and has received \$1,793,023 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Partnership has returned \$17,955 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - RELATED PARTY TRANSACTIONS

Service Provider Contracts with Board Member Organizations - The board members of the Johnston Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of the Johnston 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, child care resource and referral, professional development, salary supplements, provider training, curriculum enhancement, health and safety intervention in child care, and environmental assessments.

Child Care and Education Affordability - Used to account for service activities including the expansion of child care eligibility and Head Start wraparound.

Health and Safety - Used to account for service activities associated with outreach nurses.

Family Support - Used to account for service activities including a mobile family resource center, parenting education, information and resources, and community playgrounds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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.

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.

NOTE 6 - PENSION PLAN

The Johnston Partnership has a Simplified Employee Pension (SEP) plan covering all full-time employees. Each full-time employee of the Johnston Partnership, as a condition of employment, is provided an Individual Retirement Account through an outside insurance company. The Johnston Partnership contributed 7% of gross wages for the year ended June 30, 2001. The Johnston Partnership does not own the accounts nor is liable for any other cost other than the required contribution.

For the year ended June 30, 2001, the Johnston Partnership had a total payroll of \$378,983, all of which was covered under the plan. The Partnership contributed \$26,529 for pension benefits during the year.

IRC Section 403(b) - All permanent employees who are at least half-time can participate in a tax sheltered annuity plan created under Internal Revenue Code Section 403(b). 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. All costs of administering and funding this plan are the responsibility of the plan. No costs are incurred by the Johnston Partnership. The voluntary contributions by employees amounted to \$14,024 during the year ended June 30, 2001.

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

NOTE 7 - RESTRICTIONS ON NET ASSETS

Net Assets Released From Donor Restrictions - Net assets were released from donor restrictions during the fiscal year ended June 30, 2001, by incurring expenditures satisfying the restricted purposes as follows:

| <u>Purpose</u> | <u>Amount</u> |
|---------------------------|---------------|
| CP&L Building Maintenance | <u>\$ 176</u> |

Partnership for Children of Johnston County, Incorporated
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 |
| Building Blocks * | 50,579 | (1,295) | | |
| Community Based Learning Arts Center | 8,101 | | | |
| Creative Child Care Solutions | 250,000 | (421) | | |
| Evaluation Resources | 22,300 | | | |
| Imagination Station | 51,884 | | | |
| Johnston Community College * | 226,913 | (7,476) | | |
| Johnston County Health Department * | 65,872 | | | |
| Johnston-Lee-Hamett Community Action * | 112,262 | (1,416) | | |
| Kiddie Kollege of Knowledge, Inc. * | 12,398 | | | |
| Public Library of Johnston County * | 19,999 | | | |
| Town of Four Oaks | 20,000 | | | |
| Various Daycares | 119,711 | | | |
| | 960,019 | (10,608) | 0 | 0 |
| Individuals: | | | | |
| Salary Supplements | 107,550 | 0 | 0 | 0 |
| | 1,067,569 | (10,608) | 0 | 0 |

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

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

Schedule 2

| Organization Name | DHHS Contracts |
|---|---------------------------|
| Child Care Services Association-WAGES | 1,425,849 |
| Johnston County Department of Social Services | * 125,542 |
| | 1,551,391 |

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

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.

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

Schedule 3

| State Grantor/Pass-through Grantor/Program | Contract # | Receipts | Expenditures |
|---|-----------------|---------------------|---------------------|
| State Awards: | | | |
| 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) | * 1-90-4-02-001 | \$ (163,697) | \$ 0 |
| Early Childhood Initiatives Program (Current Year) | * 1-01-5-15-001 | 1,793,023 | 1,775,068 |
| Multi-Partnership Accounting and Contracting Grant (Prior Year) | N/A | (119) | |
| Multi-Partnership Accounting and Contracting Grant (Current Year) | N/A | <u>12,000</u> | <u>12,000</u> |
| Total State Awards | | <u>\$ 1,641,207</u> | <u>\$ 1,787,068</u> |

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

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

Schedule 4

| | |
|--------------------------------------|--------------------------------|
| Furniture and Non-Computer Equipment | \$ 32,590 |
| Computer Equipment/Printers | 36,589 |
| Leasehold Improvements | <u>1,040</u> |
| Total Property and Equipment | <u><u>\$ 70,219</u></u> |

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.

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

Schedule 5

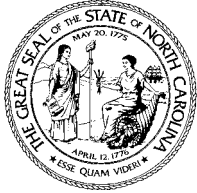
Match Provided at the Partnership Level:

| | |
|----------------------------|-------------------|
| Cash | \$ 23,083 |
| In-Kind Goods and Services | <u>103,546</u> |
| | <u>\$ 126,629</u> |

Match Provided at the Contractor Level:

| | |
|----------------------------|-------------------|
| Cash | \$ 398,818 |
| In-Kind Goods and Services | <u>166,854</u> |
| | <u>\$ 565,672</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.



Ralph Campbell, Jr.
State Auditor

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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**

Board of Directors
Partnership for Children of Johnston County, Incorporated
Selma, North Carolina

We have audited the financial statements of the Partnership for Children of Johnston County, Incorporated (Johnston Partnership) as of and for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. 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 Johnston 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 Johnston 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 reduce to a relatively low level the risk that misstatements in amounts that would be material

**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 (CONCLUDED)**

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

September 28, 2001

DISTRIBUTION OF AUDIT REPORT

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.

EXECUTIVE BRANCH

| | |
|----------------------------------|---|
| The Honorable Michael F. Easley | Governor of North Carolina |
| The Honorable Beverly M. Perdue | Lieutenant Governor of North Carolina |
| The Honorable Richard H. Moore | State Treasurer |
| The Honorable Roy A. Cooper, III | Attorney General |
| Mr. David T. McCoy | State Budget Officer |
| Mr. Robert L. Powell | State Controller |
| Ms. Carmen Hooker Buell | Secretary, Department of Health and Human Services |
| Mr. Ashley Thrift | Chairman, Board of Directors North Carolina Partnership for Children, Inc. |
| Ms. Karen Ponder | Executive Director North Carolina Partnership for Children, Inc. |

LEGISLATIVE BRANCH

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| | |
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