



FINANCIAL STATEMENTS
Year Ended June 30, 2010

Land-of-Sky Regional Council
Region B, North Carolina
Board of Directors
June 30, 2010

Executive Committee

<u>Name</u>	<u>Position</u>	<u>County</u>	<u>Position</u>
Letta Jean Taylor	Chair		Mayor, Town of Montreat
Chuck McGrady	1 st Vice-Chair	Henderson	County Commissioner
Terry Bellamy	2 nd Vice-Chair		Mayor, City of Asheville
Jason Chappell	Secretary	Transylvania	County Commissioner
Holly Jones	Treasurer	Buncombe	County Commissioner
Eddie Fox	At-Large Member	Madison	County Commissioner
Bob Davy	At-Large Member		Fletcher Councilman

Council

<u>Name</u>	<u>Position</u>	<u>County</u>	<u>City/Town</u>
Denise Braine	Secondary Delegate	Buncombe	
Vernon Ponder	Secondary Delegate	Madison	
Cecil Bothwell	Secondary Delegate		Asheville
George Goosmann III	Primary Delegate		Biltmore Forest
Charles Grimes	Secondary Delegate		Biltmore Forest
Carl Bartlett	Primary Delegate		Black Mountain
Jimmy Harris	Primary Delegate		Brevard
Joe Moore	Secondary Delegate		Brevard
Dave Bucher	Primary Delegate		Flat Rock
Jim Wert	Secondary Delegate		Flat Rock
Mark Biberdorf	Secondary Delegate		Fletcher
Barbara Volk	Primary Delegate		Hendersonville
Jeff Collis	Secondary Delegate		Hendersonville
Johnny Norton	Primary Delegate		Hot Springs
Kenny Ramsey	Secondary Delegate		Hot Springs
Dona Menella	Primary Delegate		Laurel Park
James Ball	Secondary Delegate		Laurel Park
Darhyl Boone	Primary Delegate		Mars Hill
John Chandler	Secondary Delegate		Mars Hill
Luther Nix	Primary Delegate		Marshall
Lawrence Ponder	Secondary Delegate		Marshall
Jack McCaskill	Secondary Delegate		Montreat
J.C. Chapman	Primary Delegate		Rosman
Roger Petit	Secondary Delegate		Rosman

Land-of-Sky Regional Council Board cont.

<u>Name</u>	<u>Position</u>	<u>County</u>	<u>City/Town</u>
Walt Currie	Primary Delegate		Weaverville
Jerry VeHaun	Primary Delegate		Woodfin
Jason Young	Secondary Delegate		Woodfin
Jack Roberts	Aging Programs Rep		
Richard Shuttleworth	Volunteer Services Rep		

At-Large Members

Simone Bouyer	At-Large Member	Madison	
Janet Bowman	At-Large Member	Buncombe	
Rodney Locks	At-Large Member	Transylvania	

Economic Development Representatives

Mark Burrows	Rep	Transylvania	
Larry Blair	Rep	Henderson	
George Morosani	Rep	Buncombe	
Jerry Plemmons	Rep	Madison	

LAND-OF-SKY REGIONAL COUNCIL

Table of Contents

June 30, 2010

<u>Exhibits</u>		<u>Page</u>
	Financial Section	
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-10
	Basic Financial Statements:	
	Government-wide Financial Statements:	
Exhibit A	Statement of Net Assets	11
Exhibit B	Statement of Activities	12
	Fund Financial Statements:	
Exhibit C	Balance Sheet – Governmental Funds	13-14
Exhibit D	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15-16
Exhibit E	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General and Annually Budgeted Major Special Revenue Funds	17-18
Exhibit F	Statement of Fiduciary Net Assets – Fiduciary Funds	19
Exhibit G	Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	20
	Notes to the Financial Statements	21-34
	Schedules	
	Supplementary Information	
1	Schedule of Indirect Costs	35-37
2	Combining Statement of Fiduciary Net Assets – Fiduciary Funds- Agency Funds	38

<u>Schedules</u>		<u>Page</u>
3	Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds- Agency Funds	39
4	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – All Governmental Funds	40-45
5	Schedule of Revenues and Expenditures by Type – All Governmental Funds	46

Compliance Reports

Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

47-48

Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

49-50

Report on Compliance with Requirements Applicable to Each Major State Program and Internal Controls Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

51-52

6	Schedule of Expenditures of Federal and State Awards	53-64
7	Schedule of Findings and Questioned Costs	65-66
8	Summary Schedule of Prior Year Audit Findings	67

Elizabeth Keel, PLLC

CERTIFIED PUBLIC ACCOUNTANT

One West Pack Square, The BB&T Building, Suite 1506, Asheville, North Carolina 28801, (828) 254-1700

Independent Auditor's Report

To the Board of Directors
Land-of-Sky Regional Council
Asheville, North Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Land-of-Sky Regional Council (the "Council"), as of and for the year ended June 30, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council'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 statements are 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.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Land-of-Sky Regional Council as of June 30, 2010, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison of the general fund and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010 on our consideration of the Land-of-Sky Regional Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of The Land-of-Sky Regional Council. The supplementary information, as well as the accompanying schedule of expenditures of federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Elizabeth Keel, pllc
Certified Public Accountant
October 25, 2010

LAND-OF-SKY REGIONAL COUNCIL

Management's Discussion and Analysis

June 30, 2010

This section of the Land-of-Sky Regional Council's (the Council) financial report represents our discussion and analysis of the financial performance of the Council for the year ended June 30, 2010. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The assets of the Council exceeded its liabilities at the close of the fiscal year by \$603,321 (*net assets*).
- The Council's total net assets increased by \$11,338 or 1.9 percent due primarily to affect of 4.15% permanent financing rate for the capital lease of office space on Noncurrent liabilities. \$9,961 was spent to complete planned and funded improvements during FY 2010. The Council began paying principal on the Office Space Capital Lease after the completion of Buncombe County's permanent financing for the Leicester Crossing property. Prior to July 2009, only interest payments had been made.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$737,860, an increase of \$54,432 in comparison with the prior year. Approximately 50 percent of this total amount or \$367,651 is available for spending at the Council's discretion (*unreserved fund balance*).
- At the end of the fiscal year unreserved fund balance for the General Fund was \$367,651 or 201.4 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements which consist of three components as follows: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Council's finances through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Council.

Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the *government-wide statements*. They provide both short and long-term information about the Council's financial status. The next statements (Exhibits C through H) are *fund financial statements*. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the *notes*. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Council's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Council's financial status as a whole.

The two government-wide statements report the Council's net assets and how they have changed. Net assets are the difference between the Council's total assets and total liabilities. Measuring net assets is one way to gauge the Council's financial condition.

Government-wide financial statements may be divided into as many as three categories: 1) governmental activities, 2) business-type activities, and 3) component units. However, the Council does not have any business-type activities or component units. The governmental activities include all of the Council's basic services such as general administration, economic and community development, human services, environmental protection, and transportation planning services. State and federal grants and contributions from regional non-profits, supporting entities and local governments comprising the service area of the Council finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Council's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Land-of-Sky Regional Council, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Council's budget ordinance. All of the funds of the Council are of the governmental fund category.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government wide financial statements. All of the Council's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps to determine if there are more or less financial resources available to finance the Council's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Council adopts an annual budget for its General Fund and Special Revenue Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the constituent member local governments, the management of the Council, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Council to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund and the Special Revenue Fund demonstrates how well the Council complied with the budget ordinance and whether or not the Council succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the

General and Special Revenue Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

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 and fund financial statements. The notes to the financial statements start on page 21 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the Council's Special Revenue Fund and Fiduciary Funds. Other information can be found beginning on page 34 of this report.

Government-Wide Financial Analysis

Table 1
Condensed Statement of Net Assets
June 30, 2010

	Governmental Activities	
	2010	2009
Current assets	\$ 1,555,051	\$1,316,100
Capital assets	2,179,091	2,271,440
Total assets	3,734,142	3,587,540
Current liabilities	885,293	712,723
Long-term liabilities	2,245,618	2,282,923
Total liabilities	3,130,911	2,995,646
Net assets:		
Invested in capital assets, net of related debt	1,563	13,034
Unrestricted	601,668	578,859
Total net assets	\$ 603,231	\$ 591,893

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Council exceeded liabilities by \$603,231 as of June 30, 2010. The Council's net assets increased by \$11,338 for the fiscal year ended June 30, 2010. No restriction applies to the Council's net assets. 20 percent of the net assets amount reflects the Council's investment in capital assets (office space, office and computer equipment and software) less any related capital lease outstanding that was issued to acquire those items. The Council uses these capital assets to provide services to constituent local government members; consequently these assets are not available for future spending. The remaining balance of \$601,668 (99%) is unrestricted.

Table 2
Condensed Statement of Activities
June 30, 2010

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 1,262,372	\$ 1,111,446
Operating grants and contributions	7,082,745	6,152,209
General Revenues		
Local governmental dues	137,908	109,140
Grants and contributions not restricted to specific programs	105,110	125,213
Unrestricted investment earnings	1,084	2,224
Total revenues	8,589,219	7,500,232
Expenses:		
Governmental activities:		
Management and business operations	225,645	174,737
Economic and Community Development	1,249,484	1,515,268
Human Services	5,918,290	4,952,423
Environmental Protection	608,704	397,085
Transportation	575,758	410,174
Total expenses	8,577,881	7,449,687
Change in net assets	11,338	50,545
Net assets, July 1	591,893	541,348
Net assets, June 30	\$ 603,231	\$ 591,893

Governmental activities. Governmental activities increased the Council's net assets by \$11,338. A key element of this increase was the increase in economic development activities committed to supporting member governments.

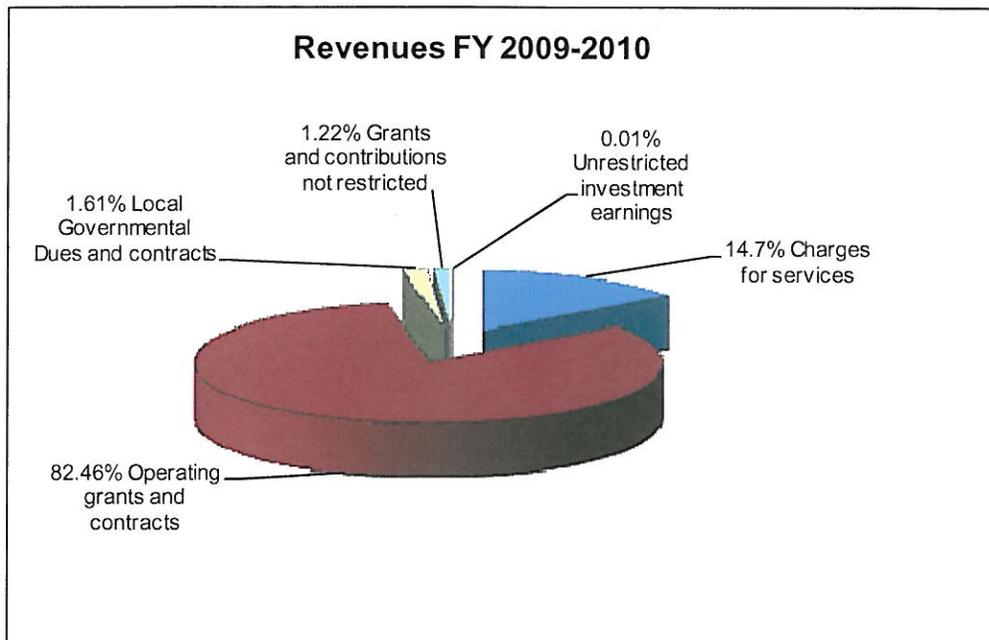
Financial Analysis of the Council's Funds

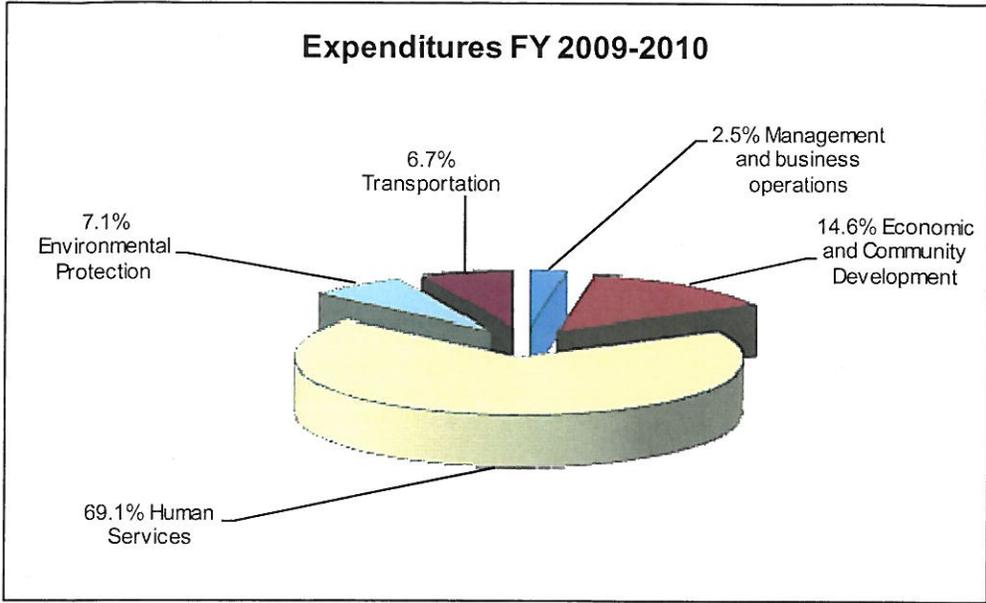
As noted earlier the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund accounts for all unrestricted resources and provides the local matching share for grants accounted for in the Special Revenue Fund through transfers. At the end of the fiscal year, unreserved fund balance of the General Fund was \$367,651 while total fund balance was \$737,860. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures, net of acquisitions funded through capital lease arrangements. Unreserved fund balance represents 201.4 percent of normal General Fund expenditures and transfers, while total fund balance represents 404.2 percent of that same amount. At June 30, 2010 the governmental funds of the Council reported a total combined fund balance of \$737,860 representing an 8.0 percent increase over last year.

Governmental Funds Budgetary Highlights.

During the fiscal year, the Council revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the General Fund, other than those funded through capital lease arrangements, increased revenues by \$19,771. However, amendments to the Special Revenue Fund increased revenues \$3,944,419. Significant amounts are as follows: Economic and Community Development Services - \$2,232,394, Human Services - \$1,304,501, Environmental Protection Services - \$291,523 and Transportation Planning Services - \$116,001.





Capital Asset and Debt Administration

Capital assets. The Council’s capital assets for all governmental-type activities as of June 30, 2010, totals \$2,178,987 net of accumulated depreciation. These assets include office space and leasehold improvements, a hybrid car, office and computer equipment and software. Major capital asset transactions during the year included completion of leasehold improvements in the office space at 339 New Leicester Hwy, Stes 130 & 140 and closing costs related to Buncombe County’s permanent financing. Purchase of new servers and software and other office equipment amounted to \$14,534.

**Table 3
Summary of Capital Assets
(Net of Depreciation)
As of June 30, 2010**

Additional information on the Council’s capital assets can be found in Note 2(a) of the Basic Financial Statements.

	Governmental Activities	
	2010	2009
Office space and leasehold improvements	\$ 2,051,111	\$2,130,673
Leasehold improvements in progress	33,438	\$ 21,268
Vehicle	9,090	12,726
Administration equipment	70,620	80,946
Aging section equipment	98	737
Volunteer section equipment	-	-
Local government services section equipment	<u>14,734</u>	<u>22,154</u>
Total	<u><u>\$ 2,179,091</u></u>	<u><u>\$2,268,504</u></u>

Table 4
Summary of Capital Leases
As of June 30, 2010

	Governmental	
	Activities	
	2010	2009
Capital leases		
General office equipment	\$ 34,228	\$ 41,243
Vehicle	-	3,440
Office space	2,143,300	2,213,733
Total capital leases	\$ 2,177,528	\$ 2,258,406

As of June 30, 2010, the outstanding debt of the Council consisted of \$2,143,300 of capital leases related to the Council facilities.

Additional information on the Council’s capital leases can be found in Note 3 of the Basic Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

- With the office space at 339 Leicester Crossing, Suite 140, the Council has been able to establish a stable and controllable environment as a facility. Buncombe County’s permanent financing, completed in the summer of 2010, confirmed an advantageous rate of 4.15%. As a result of this financing arrangement, for the next twenty-five years, the Council will pay equal, semi-annual payments to Buncombe County at the same rate as the County debt. The first payments of principal are shown here in FY 10. Upon satisfaction of the principal of the capital lease, the Council will have the option to purchase the premises for \$500.
- Leasehold improvements for Suite 140 were completed in fiscal year 2010. The Council continues to explore options for the upfitting of the additional 3,000 square feet in Suite 130 and has some Construction In Progress towards that end.
- The State Council of Government Funds Appropriation continues to be impacted by the downturn in the national economy and State revenue projections. The Appropriation for FY 2011 has been reduced to \$23,512, 39.9% of FY 2008 appropriation.
- With the American Recovery and Reinvestment Act, ARRA, the Council has committed personnel and resources to assisting our member governments administering several ARRA projects. Successful projects using ARRA funds include: Town of Mars Hill Infrastructure and a multitude of FHWA projects for local jurisdictions. Waste Reduction Partners are providing energy efficiency assessments throughout Region B as well as on a state-wide basis.
- The Clean Energy Economic Development for western North Carolina is being supported with a variety of funding sources. A contract for \$220,000 from the North Carolina Rural Economic Development Center continues and is integrated with activity supported by \$100,000 of ARRA funds from the Economic Development Administration and \$100,000 from Appalachian Regional Commission.
- Rescinded funds of \$771,591 have been reinstated for the French Broad Metropolitan Planning Organization. These transportation funds are vital to the undertaking of many local jurisdictional planning studies. Use of these funds does require local match of 20%, specific to the project requested.
- On October 14, 2010, the US Department of Housing and Urban Development, Office of

Sustainable Housing and Communities, announced an award of \$1,600,000 for the Livable Communities Initiative in western North Carolina. This three year award is a planning grant which Land-of-Sky Regional Council will administer and includes a variety of partners, a few of which are: NC DENR, RENCI, Community Foundation of WNC, HUB, Asheville Design Center, Advantage West, Asheville Chamber of Commerce. The application requested \$2,000,000 with a commitment of match from partners and other projects of \$2,843,272. The partners are beginning the process of determining how to accomplish the goals of the project with 80% of the requested funds.

- Due to the economic climate, the Council did not give any cost-of-living raises with the FY 2011 budget.

Requests for Information

This report is intended to provide a summary of the financial condition of the Council. Questions or requests for additional information should be addressed to:

Peggy Barnes, CPA
Finance Officer
Land-of-Sky Regional Council
339 New Leicester Highway, Suite 140
Asheville, N.C. 28806
(828) 251-6622
fax (828) 251-6353
e-mail: peggy@landofsky.org

Statement of Net Assets
For the Year Ended June 30, 2010

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 397,934
Due from other governments	1,125,564
Accounts and notes receivable	31,145
Prepaid items	408
Total current assets	<u>1,555,051</u>
Capital assets	
Office space, net of depreciation	2,084,549
Equipment, net of depreciation	94,542
Total assets	<u><u>\$ 3,734,142</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 554,059
Accrued liabilities	118,098
Unearned revenue, including Revolving Loan Fund	145,034
Current portion of obligations under capital leases	68,102
Total current liabilities	<u>885,293</u>
Noncurrent liabilities	
Noncurrent portion of obligations under capital leases	2,109,426
Accrued vacation	136,192
Total noncurrent liabilities	<u>2,245,618</u>
Net assets	
Invested in capital assets, net of related debt	1,563
Unrestricted	601,668
Total net assets	<u><u>\$ 603,231</u></u>

The accompanying notes are an integral part of these financial statements.

Balance Sheet - Governmental Funds

For the Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<u>Assets</u>			
Assets:			
Cash and investments	\$ 397,934	\$ -	\$ 397,934
Accounts receivable:			
Federal and state agencies	9,849	1,066,615	1,076,464
Local governmental agencies	-	49,100	49,100
Other	744	20,801	21,545
Notes receivable for Revolving Loan Funds	-	9,600	9,600
Due from Special Revenue Fund	359,208	-	359,208
Prepaid items	408	-	408
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 768,143</u>	<u>\$ 1,146,116</u>	<u>\$ 1,914,259</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 15,159	\$ 31,072	\$ 46,231
Due to subrecipients/service providers	1,879	505,949	507,828
Accrued salaries	780	117,318	118,098
Unearned revenue	12,465	132,569	145,034
Due to General Fund	-	359,208	359,208
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>30,283</u>	<u>1,146,116</u>	<u>1,176,399</u>
Fund balances:			
Reserved by State statute	369,801	-	369,801
Reserved for prepaid items	408	-	408
Unreserved and undesignated	367,651	-	367,651
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>737,860</u>	<u>-</u>	<u>737,860</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 768,143</u>	<u>\$ 1,146,116</u>	<u>\$ 1,914,259</u>

The accompanying notes are an integral part of these financial statements.

Balance Sheet - Governmental Funds

For the Year Ended June 30, 2010

	<u>Major Funds</u>		
	<u>General</u>	<u>Special</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Ending fund balances - governmental funds			\$ 737,860
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,179,091
Some liabilities, including capital lease obligations and accrued vacation are not due and payable in the current period and therefore are not reported in the funds.			<u>(2,313,720)</u>
Net assets of governmental activities			<u>\$ 603,231</u>

The accompanying notes are an integral part of these financial statements.

LAND-OF-SKY REGIONAL COUNCIL

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2010

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal government	\$ -	\$ 4,792,170	\$ 4,792,170
State of North Carolina	8,000	2,247,981	2,255,981
Local governmental agencies	11,002	765,184	776,186
Local government membership dues	88,298	127,792	216,090
Private	16,010	183,251	199,261
In-kind	89,523	215,774	305,297
Interest income	1,084	256	1,340
Other	23,066	19,828	42,894
Total revenue	<u>236,983</u>	<u>8,352,236</u>	<u>8,589,219</u>
Expenditures:			
Management and Business Operations	182,551	-	182,551
Economic and Community Development	-	1,249,484	1,249,484
Human Services	-	5,918,290	5,918,290
Environmental Protection	-	608,704	608,704
Transportation	-	575,758	575,758
Total expenditures	<u>182,551</u>	<u>8,352,236</u>	<u>8,534,787</u>
Revenues over (under) expenditures	<u>54,432</u>	<u>-</u>	<u>54,432</u>
Other financing sources (uses):			
Proceeds from capital lease	-	-	-
Appropriated fund balance	-	-	-
Transfers from (to) other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>54,432</u>	<u>-</u>	<u>54,432</u>
Fund balances - beginning of year	<u>683,428</u>	<u>-</u>	<u>683,428</u>
Fund balances - ending of year	<u>\$ 737,860</u>	<u>\$ -</u>	<u>\$ 737,860</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 54,432

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.

Capital outlay expenditures which were capitalized	36,665	
Depreciation expense for governmental assets	<u>(126,078)</u>	
		(89,413)

The incurrence of capital lease obligations provides current financial resources to governmental funds, while the repayment of the principal of capital lease obligations consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.

This amount is the total principal payments made under capital lease obligations.	80,878
---	--------

Some expenses reported in the statement of activities do not require the use of current financial resources in governmental funds -

Accrued interest	(6,284)
Compensated absences	<u>(28,275)</u>

Change in net assets of governmental activities	<u><u>\$ 11,338</u></u>
---	-------------------------

The accompanying notes are an integral part of these financial statements.

LAND-OF-SKY REGIONAL COUNCIL

Statement of Revenues, Expenditures and Changes in Fund Balances
Annual Budget and Actual
General and Annually Budgeted Major Special Revenue Funds

For the Year Ended June 30, 2010

	General			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal government	\$ -	\$ -	\$ -	\$ -
State of North Carolina	8,000	8,000	8,000	-
Local governmental agencies and membership dues	70,403	89,298	99,300	10,002
Private	18,600	19,476	16,010	(3,466)
In-kind	-	-	89,523	89,523
Interest income	2,400	2,400	1,084	(1,316)
Contingency	-	-	-	-
Other	14,900	14,900	23,066	8,166
Total revenue	<u>114,303</u>	<u>134,074</u>	<u>236,983</u>	<u>102,909</u>
Expenditures:				
Management and Business Operations	114,303	134,074	182,551	(48,477)
Economic and Community Development	-	-	-	-
Human Services	-	-	-	-
Environmental Protection	-	-	-	-
Transportation	-	-	-	-
Total expenditures	<u>114,303</u>	<u>134,074</u>	<u>182,551</u>	<u>(48,477)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>54,432</u>	<u>54,432</u>
Other financing sources (uses):				
Proceeds from capital lease	-	-	-	-
Appropriated Fund Balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	54,432	<u>\$ 54,432</u>
Fund balances - beginning of year			683,428	
Fund balances - ending of year			<u>\$ 737,860</u>	

The accompanying notes are an integral part of these financial statements.

Special Revenue			
Budget			Variance with Final Budget Positive (Negative)
<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
\$ 4,532,401	\$ 7,478,199	\$ 4,792,170	\$ (2,686,029)
2,280,283	2,661,600	2,247,981	(413,619)
322,151	940,674	892,976	(47,698)
147,830	274,434	183,251	(91,183)
161,181	198,502	215,774	17,272
-	256	256	-
-	-	-	-
165,400	-	19,828	19,828
<u>7,609,246</u>	<u>11,553,665</u>	<u>8,352,236</u>	<u>(3,201,429)</u>
-	-	-	-
1,829,711	4,062,105	1,249,484	(2,812,621)
4,738,677	6,043,178	5,918,290	(124,888)
480,233	771,756	608,704	(163,052)
560,625	676,626	575,758	(100,868)
<u>7,609,246</u>	<u>11,553,665</u>	<u>8,352,236</u>	<u>(3,201,429)</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Assets - Fiduciary Funds

For the Year Ended June 30, 2010

	<u>Agency Funds</u>	<u>Private Purpose Trusts</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 34,652	\$ 9,256
Accounts receivable	-	-
	<u>\$ 34,652</u>	<u>\$ 9,256</u>
<u>Liabilities</u>		
Accounts payable	<u>\$ -</u>	<u>\$ 6,254</u>
<u>Net Assets</u>		
Held in trust for other purposes	<u>\$ 34,652</u>	<u>\$ 3,002</u>

The accompanying notes are an integral part of these financial statements.

Combining Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2010

	<u>Private Purpose Trusts</u>
Additions	
Receipts	\$ 29,792
Deductions	
Pass-through expenses	<u>30,633</u>
Change in net assets	<u>(841)</u>
Net assets, beginning of year	<u>3,843</u>
Net assets, end of year	<u><u>\$ 3,002</u></u>

The accompanying notes are an integral part of these financial statements.

LAND-OF-SKY REGIONAL COUNCIL

Notes to the Financial Statements

June 30, 2010

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Land-of-Sky Regional Council (the “Council”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Land-of-Sky Regional Council is a coordinating agency created under the authority of Chapter 160A-470 of the General Statutes of North Carolina. The Council was created to plan or to see that plans are established and executed that will foster desirable social, cultural, ecological and economic conditions within the region. It covers a four-county area comprising Region B in Western North Carolina. The four counties served by the Council are Buncombe, Henderson, Madison and Transylvania. Each member government within the region is entitled to a delegation of two members. This delegation has one vote in the election of the executive committee.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements display the *governmental activities* of the Council. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the

statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including member dues, are presented as general revenues

Fund Financial Statements: The fund financial statements provide information about the Council's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

General Fund - The General Fund is the general operating fund of the Council. It is used to account for all financial resources except for those required to be accounted for in another fund. The primary revenue sources are local programs. The primary expenditures are for program purposes, including salaries and fringe benefits.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council's federal and State grant funds are maintained in the Special Revenue Fund.

FIDUCIARY FUNDS

Agency Funds – The agency funds are custodial in nature and do not involve the measurement of operating results. The funds are used to account for assets the Council holds on behalf of others. The Council maintains three agency funds:

- ***WNC Highway Corridors Association.*** This fund accounts for the assets and activities of the I-26 Corridor Association, an unincorporated association for which the Council acts as fiscal agent.
- ***Southern Appalachian Mountain Initiative.*** This fund accounts for the assets and close-out activities of the Southern Appalachian Mountain Initiative Project for which the Council acts as fiscal agent.
- ***CarolinaWest, Inc.*** This fund accounts for the assets and activities of CarolinaWest, Inc., a not-for-profit corporation for which the Council acts as fiscal agent.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for assets and activities in which the Council acts as a fiscal agent. The Council maintains one private purpose trust fund:

- ***Land-of-Sky Regional Council Cafeteria Plan.*** This fund accounts for the contributions and disbursements of monies collected from and paid to Council employees as part of the Council's Section 125 Cafeteria Plan.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Council are maintained during the year using the modified accrual basis of accounting.

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Council considers all revenues available if they are collected within 60 days after year-end.

Grant revenues which are unearned at year-end are recorded as unearned revenues.

Those revenues susceptible to accrual are member dues, investment earnings, technical assistance contracts, contracts and fees, and federal and State restricted intergovernmental revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

D. Budgetary Data

The Council's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all Funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the program level for all annually budgeted funds. Amendments are required for any revisions that alter total expenditures of any program within a fund and all amendments must be approved by the governing board. However, transfers from one appropriation to another within the same fund and program in any amounts may be made by the finance officer but must be reported to the Board at its next regular meeting. The finance officer is also permitted to authorize expenditures from the contingency account, if any, provided that such expenditures are transferred to an existing appropriation on a budget line-item before the expenditure is made. All such transfers must be reported to the Board at its next regular meeting. Amendments were necessary due to increased or decreased federal and State funding for various programs.

E. Assets, Liabilities and Net Assets/Fund Balances

Cash and Cash Equivalents – The Council pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deposits and Investments – All deposits of the Council are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Council may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Council may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Council's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Capital Assets – The Council's capital assets are recorded at cost or estimated historical cost. Donated assets are listed at their estimated fair value at the date of donation. It is the policy of the Council to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Furniture and equipment	7-10
Copiers	5-7
Computer equipment	4-5
Computer software	4-5

Deferred/Unearned Revenue – Deferred/unearned revenue represents funds received under federal, State and local grants and contracts that relate to programs and services to be performed subsequent to June 30, 2010.

Long-Term Obligations – In the government-wide financial statements, capital leases and other long-term obligations are reported as liabilities in the applicable governmental activities.

Compensated Absences – The Council follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Council's liability for accumulated earned vacation and the salary-related payments as of June 30, 2010 is recorded in the governmental-wide financial statements on a LIFO basis, assuming that employees are taking leave time as it is earned.

The sick leave policy of the Council provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Council has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Interfund Balances – The \$373,733 in Due from Special Revenue Fund results from costs incurred and paid by the General fund for administering the Special Revenue Fund activities not yet reimbursed.

Net Assets/Fund Balances - Net assets in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved for Prepaid Items – Portion of fund balance which is not available for appropriation because it represents the year-end fund balance of prepaid items which are not expendable, available resources.

Reserved by State Statute – Portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Unreserved and Undesignated – Portion of total fund balance available or appropriation that is uncommitted at year-end.

F. Revenues and Expenditures

Indirect Costs – Indirect costs are allocated to the various grants, based on the proportion of each grant's salaries, to the total of direct salaries for all grants. The allocation ratio for the year ended June 30, 2010, is 64% of direct salaries. The Appalachian Regional Commission, the Council's oversight agency, has reviewed and found no fault in the provisional rate. The indirect cost provisional rate is adjusted to actual at year-end if the actual rate is determined to be lower than the provisional rate. However, if the actual rate is higher than the rate used, local income is used to supplement the indirect costs instead of adjusting the rate used. The actual indirect cost rate for the year ended June 30, 2010, is 64% of direct salaries.

In-Kind Contributions – In-kind contributions consist principally of the estimated fair value of services or facilities provided by various persons or agencies.

Note 2 – Detail Notes on All Funds

A. Assets

Deposits - All the deposits of the Council are either insured or collateralized by the Pooling method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Council, these deposits are considered to be held by the Council's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Council, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Council under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Council has no policy regarding custodial credit risk for deposits.

At June 30, 2010, the Council's deposits had a carrying amount of \$376,594 and a bank balance of \$365,265. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

Investments – At June 30, 2010, the Council had \$65,248 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAA by Standard and Poor's. The Council has no policy regarding credit risk.

Capital Assets – Capital asset activity for the year ended June 30, 2010, was as follows:

Summary of Capital Assets, net of depreciation

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental activity:				
Capital assets being depreciated:				
Office Space and Leasehold Improvements	\$ 2,261,933	\$ 9,961	\$ -	\$ 2,271,894
Leasehold Improvements In Progress	21,268	12,170	-	33,438
Vehicles	21,815	-	-	21,815
Equipment	345,923	14,534	-	360,457
Total capital assets being				
Depreciated	<u>2,650,939</u>	<u>36,665</u>	<u>-</u>	<u>2,687,604</u>
Less accumulated depreciation for:				
Office Space and Leasehold Improvements	131,260	89,523	-	220,783
Vehicles	9,089	3,636	-	12,725
Equipment	242,086	32,919	-	275,005
Total accumulated depreciation	<u>382,435</u>	<u>126,078</u>	<u>-</u>	<u>508,513</u>
Governmental activity capital assets, net	<u>\$ 2,268,504</u>	<u>\$ (89,413)</u>	<u>\$ -</u>	<u>\$ 2,179,091</u>

Depreciation was charged to governmental functions as follows:

Administration	\$ 116,220
Aging	638
Volunteer Services	-
Local government services	<u>9,220</u>
	<u>\$ 126,078</u>

B. Liabilities

Local Governmental Employees' Retirement System – *Plan Description.* The Council contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions of the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27669-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Council is required to contribute at an actuarially determined rate. For the Council, the current rate for employers is 4.91% of annual covered payroll. The contribution requirements of members and of the Council are established and may be amended by the North Carolina General Assembly. The Council's contributions to LGERS for the year ended June 30, 2010, 2009, and 2008 were \$81,310, \$76,241 and \$66,080 respectively. The contributions made by the Council equaled the required contributions for each year.

Postemployment Benefits – The Council has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's twelve highest month's salary in a row during the 24 months prior to the employee's death. The death benefit will be no less than \$25,000 and no more than \$50,000. Retirees have the option of continuing this coverage at their own expense, and accordingly the insurance carrier explains there is no implicit rate subsidy resulting from a retiree decision.

All death benefit payments are made from the Death Benefit Plan. The Council has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state.

Because the benefit payments are made by the Death Benefit Plan and not by the Council, the Council does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the Council made contributions to the State for death benefits of \$1,656. The Council's required contributions represented 0.10% of covered payroll. The contributions to the Death Benefit plan cannot be separated between the postemployment benefit amount and the other benefit amount.

Other Post Employment Benefits

Plan Description. Under the terms of a Council resolution, the Council administers a single-employer defined benefit health reimbursement plan. The plan provides for the payment of a fixed portion of health insurance premiums until Medicare eligible, current expectation is age 65. Eligible employees must have had 20 or more years of service as of July 1, 2004.

Funding Policy. The Council has elected to fund the Other Post Employment Benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. These expenditures are paid as they come due. In the fiscal year ended, June 30, 2010, the council's expenditure was \$5,772.

Annual OPEB Cost and New OPEB Obligation. The Council's annual other postemployment benefit (OPEB) cost (expense) is unfunded. The Council has elected to calculate and budget for the actual projected expenses under the terms of the plan as they can be reasonably projected. *As a result, the annual required contribution of the employer (ARC) is zero.* The following table shows the components of the Council's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Council's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 5,777
Interest on net OPEB obligation	0
Adjustment	<u>0</u>
Annual OPEB expense	5,777
Actual OPEB expenses paid	<u>5,777</u>
Projected OPEB obligation, beginning of year	0
Actual costs during the fiscal year	<u>0</u>
Projected OPEB obligation, end of year	<u><u>\$ 0</u></u>

The Council’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

For the year ended June 30, 2010:
 Annual OPEB Cost \$ 5,777
 Percentage of OPEB Cost Contributed 100%
 Net OPEB Obligation \$0

Funded Status and Funding Progress. As of June 30, 2010, the actuarial liability for benefits was \$79,645, 75% of which is unfunded. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Unearned Revenues – Unearned revenue in the General Fund and Special Revenue Fund result from the receipt of federal or State grants before amounts are earned.

The following list shows unearned revenue at June 30, 2010:

	General Fund	Special Revenue Fund
Unearned grants	<u>\$ 12,465</u>	<u>\$ 122,969</u>

Long-Term Obligations - The Council is committed under a lease for a vehicle, which is considered for accounting purposes to be a capital lease. The recorded cost of the asset under capital lease as of June 30, 2010 was \$21,815. The related accumulated depreciation for the leased vehicle at June 30, 2010 was \$12,725. The aggregate capital lease imputed interest rate is 10.2%. Capital lease expenditures for the year ended June 30, 2010, were \$3,440.

In January of 2008, the Council entered into a financing agreement with Buncombe County for the purpose of acquiring the office space at 339 Leicester Crossing. The lease origination amount is for the entire acquisition of the property except that the financing

lease calls for a payment of \$500 on closing at the end of the 25 year lease term. The lease required semi annual payments of interest until November 15, 2009 at which time the first semiannual payment of \$73,050 was due. Semi annual payments continue until the end of the lease term on May 16, 2033.

In March of 2008, The Council entered into a financing agreement for furniture and equipment necessary for operations in the new location. The origination amount of the capital lease was \$51,421. The lease calls for 60 monthly payments of \$1,049 which reflects a fixed rate of interest at 8.26%.

Future minimum lease payments for the above lease obligations are as follows:

	<u>Vehicle</u>	<u>Furniture & Equipment</u>	<u>Office Space and Leasehold Improvements</u>	<u>Totals</u>
Years Ending June 30,				
2011	\$ -	\$ 12,588	\$ 146,101	\$ 158,689
2012	-	12,588	146,100	158,688
2013	-	10,494	146,101	156,595
2014	-	-	146,100	146,100
2015	-	-	146,101	146,101
2016 through 2033	-	-	2,610,509	2,610,509
	-	35,670	3,341,012	3,376,682
Less: interest	-	(1,442)	(1,197,712)	(1,199,154)
Present value of minimum lease payments	-	34,228	2,143,300	2,177,528
Less: current portion	-	(10,355)	(57,747)	(68,102)
Lease obligations, less current portion	<u>\$ -</u>	<u>\$ 23,873</u>	<u>\$ 2,085,553</u>	<u>\$ 2,109,426</u>

Compensated absences have typically been liquidated in the general fund.

The following is a summary of changes in the Council's long-term obligations for the fiscal year ended June 30, 2010:

<u>Governmental Activity</u>	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>	<u>Current Portion of Balance</u>
Capital Lease, office space and leasehold improvements	\$ 2,213,723	\$ -	\$ 70,423	\$ 2,143,300	\$ 57,747
Capital Lease, equipment	41,243	-	9,537	31,706	10,355
Capital Lease, vehicle	3,440	-	3,440	-	-
Compensated absences	107,917	29,034	-	136,951	-
Total governmental activities	<u>\$ 2,366,323</u>	<u>\$ 29,034</u>	<u>\$ 83,400</u>	<u>\$ 2,311,957</u>	<u>\$ 68,102</u>

Note 3 – Risk Management and Concentrations of Risk

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; efforts and omissions; injuries to employees; and natural disasters.

All Councils of Government in the State of North Carolina were created by State Statute to operate exclusively within the counties they serve. As a result the Council is dependent upon funding it receives as a result of the award administration services it provides under the North Carolina General Statutes.

The Council participates in one self-funded risk financing pool administered by the North Carolina League of Municipalities. Through the pool, the Council has general liability coverage and property coverage equal to replacement cost values of owned property. The pool will pay the first \$500,000 of claims and is reinsured through a commercial company for single occurrence claims for up to an additional \$500,000.

The Council participates in a second self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the Council has worker's compensation coverage up to the statutory limits. The pool will pay up to the statutory limits for single occurrence claims. For worker's compensation, the pool is reinsured through commercial companies for single occurrence claims up to the statutory limits.

The Council purchased a Public Officials Bond on the Finance Officer in the amount of \$90,000.

Note 4 – Contingency

Federal and State Assisted Programs

The Council has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 5 – Restatement of Beginning Fund Balance

From the year ended June 30, 2004, the Council has experienced a difference between unrestricted net assets as reflected in the financial statements and unrestricted net assets as reflected in recordkeeping. With the application of GASB 34, the software system for the Council closed expenditures related to capital outlay to unrestricted fund balance. At year end, the adjustments related to the preparation of government wide financial statements also closed depreciation expenses to unrestricted fund balance. For external reporting purposes, the Council reported a lower unrestricted fund balance until such time that it could establish certainty that these pre 2005 errors were in fact isolated to those earlier years. The difference has not changed from July 1, 2005. For this reason beginning fund balance is corrected in this year for the amount of the June 30, 2004 difference.

**Schedule of Indirect Costs
For the Year Ended June 30, 2010**

	<u>Administrative</u>	<u>Finance</u>	<u>Building Operations</u>	<u>Total</u>
Indirect costs:				
Personnel	\$ 193,116	\$ 148,067	\$ -	\$ 341,183
Fringe benefits	74,340	42,867	-	117,207
Total indirect personnel	\$ 267,456	\$ 190,934	\$ -	\$ 458,390
Telephone and postage	22,371	697	-	23,068
Travel	16,184	1,870	-	18,054
Rent	180	-	-	180
Utilities	-	-	11,648	11,648
Maintenance and repairs	701	3,535	23,112	27,348
Insurance, not payroll related	4,196	-	1,727	5,923
Training and workshops	2,968	855	-	3,823
Supplies	10,372	284	46	10,702
Contractual	2,179	9,378	925	12,482
Dues and subscriptions	6,460	500	-	6,960
Printing	14,220	-	-	14,220
Advertising	-	35	-	35
Equipment and technology	15,284	-	-	15,284
Leased equipment	16,875	-	-	16,875
Depreciation	-	-	81,978	81,978
Other	1,435	23	-	1,458
Debt service for capital lease	-	-	-	-
Interest	3,051	-	67,941	70,992
Total indirect costs	\$ 383,932	\$ 208,111	\$ 187,377	\$ 779,420

Indirect costs compared to provisional indirect rate:

Personnel expenditures carrying indirect contributions	\$ 1,193,659
Provisional rate	64%
Provisional indirect contribution	763,942
*Charges for services rendered based on actual cost: Waste Reduction Partners	7,000 *
Regional Brownfields Representative	8,000 *
Total provisional indirect contribution	778,942
Total indirect costs	779,420
Indirect costs over (under) adjustment	\$ 478

* see items below

**Schedule of Indirect Costs
For the Year Ended June 30, 2010**

<u>Indirect costs allocated</u>	<u>Program</u>	<u>Direct Salaries</u>	<u>Actual Indirect Contribution</u>
Brownfields Regional Site Host	406		8,000 *
Local	410	3,131	2,004
Local Fundraising	412	2,550	1,632
ARC Administration 2010	420	27,592	17,659
ARC Administration 2009	429	27,224	17,423
EDA 2010	430	14,335	11,499
EDA 2009	439	14,762	9,448
State Technical Assistance	440	15,338	9,816
Madison Co Comprehensive Plan TA	451	11,639	7,449
Sundance Power Grantwriting TA	452	431	278
ARC Grantwriting	453	4,930	3,155
Organic Growers' School Facilitation/Board Training	454	400	256
Fall Prevention	505	338	216
MIPPA-Relay for Extra Help	506	1,711	1,095
Aging - Planning	510	84,624	54,160
SB1559 Aging Funds P & A	511	22,760	14,426
Aging - Chronic Disease Self Mngmnt Program	512	5,907	3,781
Aging - Health Promotions	513	9,053	5,794
Active Aging Week	515	253	162
Community Resource Connections, Year 2	517	360	230
Family Caregiver Support	530	56,147	36,044
UNC-CH Alzheimers Respite Care	532	274	175
Regional Ombudsman	550	130,989	83,641
Elder Abuse	551	3,348	2,142
Senior Community Service Employment Program	560	24,335	15,783
SCSEP-Local	561	247	158
SCSEP Federal carryover	562	1,497	833
Title V Stimulus-ARRA	563	5,340	3,405
RSVP (1/1/10-12/31/10)	570	37,785	24,346
Volunteer Svcs Fund-raising	574	116	74
RSVP (1/1/09 - 12/31/09)	579	35,025	22,382
FGP	586	59,088	37,888
Senior Companion 9/30/09-9/29/10	590	48,763	31,211
Senior Companion (9/30/08-9/29/09)	599	15,402	9,824
EconDev Technical Assistance	601	214	137
WNC Livestock Mkt TA	602	429	275
USDA-Marshall RLF	606	3,432	2,196
CDBG Grantwriting	610	3,293	2,107
Forest Workshops	619	458	293
ARRA-USFS, WNC Forest Products Cooperative Marketing	620	16,852	10,785
Henderson Co SBE-CDBG	635	3,390	2,169
Transylvania Co SBE CDBG	636	5,623	3,598
CDBG-Gaia Herb, TransCo Building Reuse Project	637	2,608	1,669
CDBG Marshall Infrastructure	652	2,767	1,771
EDA Clean Energy in WNC	665	10,481	6,708
Brownfields Consulting, City of Asheville	670	24,222	15,502
EPA BF REPP-Reg'l Envir Priorities Project	671	4,792	3,059
Brownfields Conference 2007	680	277	177
ZSR Linking Lands & Communities	686	8,545	5,469

**Schedule of Indirect Costs
For the Year Ended June 30, 2010**

	<u>Program</u>	<u>Direct Salaries</u>	<u>Actual Indirect Contribution</u>
FHWA-Linking Lands & Communities	689	11,011	7,047
PRF-Mountain Ridge Protection	691	3,936	2,516
ZSR-Mountain Ridge/Slope Protection-Action Phase	694	3,083	1,976
CFWNC Linking Lands Strategy II	695	7,361	4,711
NC Wildlife Resources Commission-Green Growth Toolbo	697	6,657	4,260
ARC Housing (FY 2010)	700	3,767	2,411
NC CWMTF-Straight Pipe Elimination, #2	716	2,945	1,885
ARRA - CDBG Regional Admin	723	2,047	1,310
ARRA-CDBG Regional Implementation	724	1,431	916
USDA Rural Dev Capacity Bldg	726	4,205	3,460
Madison Co CDBG-Scattered Site	731	8,921	5,709
Madison Co Scattered Site Service Delivery	732	5,225	3,344
CDBG Mars Hill Infrastructure	741	11,422	7,310
NCRC Mars Hill Supplemental	742	4,725	3,024
Mars Hill Environmental Assessment	744	2,282	1,461
CDBG Marshall	751	11,733	7,509
NCRC Marshall, Clean Water Partners Supplemental	752	6,720	4,301
HFA-Madison County Admin	795	4,041	2,586
HFA-Madison Service Delivery	796	3,022	1,934
Clean Air Campaign	800	4,374	2,799
EPA-Reading, Riding Retrofit	801	5,234	3,350
ARRA-Triangle J-Carolina Blue Skies	803	2,175	1,392
CMAQ-DOT	810	12,274	7,855
Alternative Fuels Initiative 2007	821	22,280	14,259
MELC-Mobile Environmental Learning Ctr	830	2,188	1,400
Madison Co Solid Waste 10 yr plan	831	1,766	1,130
NC DPPEA Recycling	832	1,805	1,155
RUS 15, Solid Waste, LGS	840/860	26,329	16,850
RUS-Solid Waste, LGS RUS-14	849/869	9,799	6,271
DPPEA/WRP	850/851	88	7,056 *
WRP SEO-Utility Savings Initiative	862	16	10
WRP Cherokee Foundations	863	566	362
WRP-SEO En Eff Audits-Private Sector	865	6,989	4,473
WRP-Asheville City Schools Energy Efficiency	866	170	109
ARC Water FY10	870	7,137	4,568
TVA-HWA Stormwater	876	313	200
ARC Water 10/08-9/09	879	1,176	753
Riverweek	880	1,515	970
ARRA-DWQ,205J,French Broad River WaterShed	881	5,358	247
McGill Assoc-City of Avl, Floodplain Ordinance	882	298	191
RPO	900	50,495	32,317
French Broad River MPO	952	173,703	111,170
Total indirect expense allocation		<u>\$ 1,193,659</u>	<u>\$ 778,860</u>

**Combining Statement of Fiduciary Net Assets - Fiduciary Funds
Agency Funds**

For the Year Ended June 30, 2010

	CarolinaWest <u>Inc</u>	Southern Appalachian Mountain <u>Initiative</u>	WNC Highway <u>Corridors</u>	Total Agency <u>Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 29,532	\$ 467	\$ 4,653	\$ 34,652
<u>Liabilities</u>				
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Net Assets</u>				
Held in trust for other purposes	<u><u>\$ 29,532</u></u>	<u><u>\$ 467</u></u>	<u><u>\$ 4,653</u></u>	<u><u>\$ 34,652</u></u>

**Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds
Agency Funds**

For the Year Ended June 30, 2010

	<u>CarolinaWest Inc</u>	<u>Southern Appalachian Mountain Initiative</u>	<u>WNC Highway Corridors</u>	<u>Agency Funds</u>
Additions				
Receipts	\$ 8,500	\$ -	\$ -	\$ 8,500
Deductions				
Pass-through expenses	<u>4,345</u>	<u>42</u>	<u>486</u>	<u>4,873</u>
Change in net assets	<u>4,155</u>	<u>(42)</u>	<u>(486)</u>	<u>3,627</u>
Net assets, beginning of year	<u>25,377</u>	<u>509</u>	<u>5,139</u>	<u>31,025</u>
Net assets, end of year	<u><u>\$ 29,532</u></u>	<u><u>\$ 467</u></u>	<u><u>\$ 4,653</u></u>	<u><u>\$ 34,652</u></u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
All Governmental Funds
For the Year Ended June 30, 2010

	General		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Federal government	\$ -	\$ -	\$ -
State of North Carolina	8,000	8,000	-
Local governmental agencies and membership dues	89,298	99,300	10,002
Private	19,476	16,010	(3,466)
In-kind	-	89,523	89,523
Interest income	2,400	1,084	(1,316)
Other	14,900	23,066	8,166
Total revenue	<u>134,074</u>	<u>236,983</u>	<u>102,909</u>
Expenditures:			
Local services	126,074	174,551	(48,477)
Host for Regional Brownfields Representative	8,000	8,000	-
ARC Administrative Assistance	-	-	-
Economic Development Administration	-	-	-
State Technical Assistance	-	-	-
Madison County Comprehensive Plan Technical Assistance	-	-	-
Grantwriting-Sundance Power Systems	-	-	-
Grantwriting-DDAA Collaborative Proposal-EECBG funding	-	-	-
Technical Assistance-Organic Growers School Board Facilitation	-	-	-
Economic Development Technical Assistance	-	-	-
Technical Assistance-WNC Livestock Market	-	-	-
USDA - Marshall Revolving Loan Fund	-	-	-
CDBG Grantwriting/Planning	-	-	-
National Research Initiative	-	-	-
Forest Products Workshop	-	-	-
ARRA-USFS-WNC Forest Products Cooperative Marketing	-	-	-
CDBG, Henderson Co Small Business & Entrepreneurial Assistance	-	-	-
CDBG, Transylvania Co Small Business & Entrepreneurial Assistance	-	-	-
CDBG, Gaia Herbs, Transylvania Industrial Site Reuse	-	-	-
EPA Brownfields Initiative Revolving Loans	-	-	-
ARRA-EPA RBI Revolving Loan Fund Supplemental	-	-	-
CDBG Marshall Water/Sewer Infrastructure	-	-	-
A-B Tech Community College Clean Energy Surveys	-	-	-
NC Rural Center-Econ Innovations Grant-Energy/Fuels	-	-	-
EDA Clean Energy in WNC	-	-	-
City of Asheville Brownfields Administrative Technical Assistance	-	-	-
EPA BF Regional Environmental Priorities Projects	-	-	-
Brownfields Team Conference Planning	-	-	-
EPA Brownfields Assessment III	-	-	-
EPA Brownfields Assessment IV	-	-	-
Z Smith Reynolds Foundation Linking Lands & Communities	-	-	-
Lyndhurst Foundation - Linking Lands & Communities	-	-	-
Federal Highway Agency-Linking Lands and Communities	-	-	-
ZSRF Mountain Ridge Protection	-	-	-

Special Revenue		
Budget	Actual	Variance Positive (Negative)
\$ 7,478,199	\$ 4,792,170	\$ (2,686,029)
2,661,600	2,247,981	(413,619)
940,674	892,976	(47,698)
274,434	183,251	(91,183)
198,502	215,774	17,272
256	256	-
-	19,828	19,828
<u>11,553,665</u>	<u>8,352,236</u>	<u>(3,201,429)</u>
-	-	-
-	-	-
122,970	122,970	-
80,523	80,523	-
31,750	31,750	-
23,648	23,648	-
2,140	2,140	-
20,000	9,972	10,028
1,000	780	220
548	548	-
1,000	839	161
40,218	7,701	32,517
7,000	7,000	-
6,161	6,161	-
907	907	-
1,064,200	98,785	965,415
13,000	8,254	4,746
14,693	13,211	1,482
10,000	5,013	4,987
626,116	12,815	613,301
528,750	49,948	478,802
5,671	5,671	-
15,000	1,224	13,776
197,614	152,596	45,018
65,250	23,032	42,218
70,401	46,984	23,417
27,780	27,780	-
2,985	1,705	1,280
79,604	79,604	-
299,756	44,806	254,950
30,000	20,856	9,144
15,656	15,656	-
42,386	65,960	(23,574)
19,652	15,802	3,850

LAND-OF-SKY REGIONAL COUNCIL

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 All Governmental Funds
 For the Year Ended June 30, 2010

	General		Variance Positive (Negative)
	Budget	Actual	
ZSRF Mountain Ridge Protection/Steep Slope, Phase II, Action	-	-	-
CFWNC Strategy-Linking Lands and Communities, Phase II	-	-	-
NC Wildlife Resources Commission, Green Growth Toolbox	-	-	-
ARC Housing	-	-	-
NC CWMTF Straight Pipe Elimination Funding II	-	-	-
ARRA-CDBG Regional Small Cities Housing	-	-	-
USDA Rural Development Capacity Building	-	-	-
CDBG Madison Co Scattered Site	-	-	-
CDBG Mars Hill Infrastructure	-	-	-
NCRC Mars Hill Supplemental	-	-	-
Mars Hill Environmental Assessment	-	-	-
NCRC Mars Hill Water Transmission	-	-	-
CDBG Marshall Infrastructure	-	-	-
NCRC Marshall Clean Water Partners	-	-	-
CDBG-Brevard Housing Development	-	-	-
NC Housing Finance Agency, Madison Co	-	-	-
Subtotal Economic and Community Development	134,074	182,551	(48,477)
Buncombe Co Supplemental Funds	-	-	-
Mission Foundation-Fall Prevention	-	-	-
MIPPA-Relay for Extra Assistance Medicare Enrollment	-	-	-
Boomers and Beyond, Business of Aging Conference	-	-	-
Buncombe Co Aging Plan	-	-	-
Aging - Planning	-	-	-
Aging - Chronic Disease and Self-Management Program	-	-	-
Aging - Health Promotions	-	-	-
Active Aging Week	-	-	-
Community Resource Connections, Ph I & II	-	-	-
Home and Community Care Block Grant	-	-	-
Senior Center General Purpose and Outreach	-	-	-
Aging - Fan & Heat Relief	-	-	-
ARRA - Congregate & Home Delivered Nutrition	-	-	-
Family Caregiver Support	-	-	-
UNC-CH Alzheimers' Respite Support	-	-	-
Project Care Respite Services and Administration for Regions A, C & I	-	-	-
Regional Ombudsman	-	-	-
Elder Abuse	-	-	-
Older American Community Service Employment Program	-	-	-
FFY 09 c/o Older American Community Service Employment Program	-	-	-
ARRA - Older American Community Service Employment Program	-	-	-
Volunteer Recognition Event Planning	-	-	-
Retired Senior Volunteer Program	-	-	-
Foster Grandparent Program	-	-	-
Senior Companion Program	-	-	-
Subtotal Human Service	-	-	-

Special Revenue		
Budget	Actual	Variance Positive (Negative)
5,968	5,968	-
24,296	24,296	-
20,835	13,062	7,773
9,491	9,491	-
106,354	68,880	37,474
99,320	8,171	91,149
9,074	9,074	-
39,300	35,085	4,215
24,160	24,160	-
13,635	9,304	4,331
7,000	4,532	2,468
6,250	-	6,250
24,666	24,666	-
18,627	13,358	5,269
3,750	394	3,356
183,000	14,402	168,598
4,062,105	1,249,484	2,812,621
570,661	565,937	4,724
10,000	954	9,046
8,974	8,974	-
3,892	3,792	100
38,523	39,423	(900)
259,592	233,656	25,936
18,716	18,716	-
35,277	37,948	(2,671)
4,191	3,691	500
24,495	18,738	5,757
2,702,023	2,697,322	4,701
46,396	61,861	(15,465)
6,244	6,244	-
145,101	90,199	54,902
223,475	223,384	91
70,218	52,394	17,824
200,162	286,912	(86,750)
295,689	298,370	(2,681)
8,244	8,257	(13)
333,809	252,989	80,820
12,518	12,518	-
56,960	56,960	-
1,000	1,917	(917)
191,354	187,395	3,959
387,900	386,616	1,284
387,764	363,123	24,641
6,043,178	5,918,290	124,888

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
All Governmental Funds
For the Year Ended June 30, 2010

	General		Variance Positive (Negative)
	Budget	Actual	
Clean Air Campaign	-	-	-
EPA Reading, Riding, Retrofit, Schools Leading the Way to Sustainabil	-	-	-
ARRA-Triangle J - Carolina Blue Skies	-	-	-
CMAQ-DOT, Congestion Mitigation	-	-	-
SAMI	-	-	-
Alternative Fuels Initiative	-	-	-
Mobile Education Center	-	-	-
Madison Co Solid Waste Technical Assistance	-	-	-
NC DPPEA-Recycling Assistance for Banned Waste	-	-	-
Rural Utility Service - Integrated Waste Management	-	-	-
Div of Pollution Prevention - Waste Reduction Partners	-	-	-
Waste Reduction Partners-Duke Endowment	-	-	-
Waste Reduction Partners - Asheville/Buncombe Water Authority	-	-	-
Waste Reduction Partners - Private Contributions	-	-	-
DPPEA/WRP - WRP East	-	-	-
Waste Reduction Partners-Henderson Co Alternative Fuels Vehicles TA	-	-	-
State Energy Office - WRP Utility Savings	-	-	-
Waste Reduction Partners - Cherokee Preservation Foundation	-	-	-
Waste Reduction Partners - NC Farm Bureau, Farm Energy Efficiency	-	-	-
State Energy Office - WRP Energy Efficiency Audits, Private Sector	-	-	-
Waste Reduction Partners-Asheville City Schools Energy Savings	-	-	-
Waste Reduction Partners-Cherokee Foundation, Phase II	-	-	-
ARRA-WRP-SEO Technical Assistance	-	-	-
ARC Water	-	-	-
TVA-HWA Stormwater Education	-	-	-
Riverweek	-	-	-
ARRA-DWQ,205J French Broad River Basin Water Resource Mgmt	-	-	-
McGill Associates - City of Asheville Technical Assistance	-	-	-
CWMTF French Broad River Conservation Easements	-	-	-
Subtotal Environmental Protection	-	-	-
Rural Transportation Planning Organization	-	-	-
ARRA-DOE-City of Asheville Local Energy Assurance Planning	-	-	-
Bicycle Maps	-	-	-
French Broad River Metropolitan Planning Org.	-	-	-
Subtotal Transportation	-	-	-
Total expenditures	134,074	182,551	(48,477)
Revenues over (under) expenditures	-	54,432	54,432
Net change in fund balances	\$ -	54,432	\$ 54,432
Fund balances - beginning of year		683,428	
Fund balances - ending of year		\$ 737,860	

Special Revenue		
Budget	Actual	Variance Positive (Negative)
8,500	9,249	(749)
57,640	28,887	28,753
5,000	4,742	258
33,000	23,809	9,191
509	42	467
50,358	50,358	-
7,354	4,457	2,897
3,500	3,500	-
10,000	3,551	6,449
111,415	112,333	(918)
40,000	40,000	-
5,000	4,311	689
15,000	15,000	-
359	777	(418)
5,606	4,115	1,491
10,975	1,736	9,239
10,838	10,838	-
10,546	10,546	-
13,250	-	13,250
73,106	72,345	761
24,842	24,842	-
28,620	28,620	-
58,536	51,536	7,000
20,744	16,235	4,509
6,000	593	5,407
4,860	4,860	-
18,054	10,656	7,398
394	584	(190)
137,750	70,182	67,568
771,756	608,704	163,052
104,625	104,625	-
17,495	-	17,495
256	-	256
554,250	471,133	83,117
676,626	575,758	100,868
11,553,665	8,352,236	3,201,429
-	-	-
\$ -	-	\$ -
	-	
	\$ -	

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Revenues and Expenditures by Type -
All Governmental Funds
For the Year Ended June 30, 2010

Schedule 5

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal government	\$ -	\$ 4,792,170	\$ 4,792,170
State of North Carolina	8,000	2,247,981	2,255,981
Local governmental agencies and membership dues	99,300	892,976	992,276
Private	16,010	183,251	199,261
In-kind	89,523	215,774	305,297
Interest income	1,084	256	1,340
Other	23,066	19,828	42,894
Total revenue	<u>236,983</u>	<u>8,352,236</u>	<u>8,589,219</u>
Expenditures:			
Personnel - direct	(22,371)	1,298,205	1,275,834
Personnel - indirect/field	8,171	651,101	659,272
Fringe benefits	4,187	568,869	573,056
Telephone and postage	1,034	31,714	32,748
Travel - staff and committee	4,975	122,708	127,683
Rent	1,908	1,836	3,744
Utilities	182	13,303	13,485
Maintenance and repairs	950	30,886	31,836
Insurance (not payroll related)	1,437	6,527	7,964
Training and workshops	241	18,847	19,088
Supplies	3,856	60,137	63,993
Contractual	10,557	273,578	284,135
Dues and subscriptions	4,109	14,886	18,995
Printing	472	21,491	21,963
Advertising	1,945	12,405	14,350
Legal fees	2,936	2,137	5,073
Equipment and technology	239	18,952	19,191
Equipment - leased	264	16,611	16,875
Office Space & Leasehold Improvements-leased	14,519	-	14,519
Usage Allowance	-	15,810	15,810
Depreciation Expense	45,383	80,695	126,078
Board/Council expense	7,218	-	7,218
Other	5,526	25,150	30,676
	<u>97,738</u>	<u>3,285,848</u>	<u>3,383,586</u>
Debt service:			
Debt service - principal	83,400	-	83,400
Debt service - interest	1,199	69,881	71,080
	<u>84,599</u>	<u>69,881</u>	<u>154,480</u>
Other:			
In-kind	-	215,774	215,774
Loans-Revolving Loan Fund	-	-	-
Sub-Grants-Revolving Loan Fund	-	33,655	33,655
Subcontracted/pass-through	214	4,747,078	4,747,292
	<u>214</u>	<u>4,996,507</u>	<u>4,996,721</u>
Total expenditures	<u>182,551</u>	<u>8,352,236</u>	<u>8,534,787</u>
Revenues over (under) expenditures	<u>54,432</u>	<u>-</u>	<u>54,432</u>
Other financing sources (uses):			
Proceeds from capital lease	-	-	-
Gain (Loss) on sale of assets	-	-	-
Transfers from (to) other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 54,432</u>	<u>\$ -</u>	<u>\$ 54,432</u>

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

To the Board of Delegates
Land of Sky Regional Council
Asheville, North Carolina 28806

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Land of Sky Regional Council, North Carolina (the Council of Governments), as of and for the year ended June 30, 2010, which collectively comprise the Land of Sky Regional Council basic financial statements, and have issued our report thereon dated October 25, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Council of Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council of Governments' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 or other matters that are required to be reported herein under Government Auditing Standards.

This report is intended for the information and use of the audit committee, management, others within the organization, members of the Council of Governments Board, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.



Elizabeth Keel, PLLC
Certified Public Accountants
October 25, 2010

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

To the Board of Delegates
Land of Sky Regional Council
Asheville, North Carolina 28806

Compliance

We have audited Land of Sky Regional Council (the Council of Governments), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect each of its major Federal programs for the year ended June 30, 2010. Land of Sky Regional Council major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Council of Governments' management. Our responsibility is to express an opinion on the Council of Governments' compliance based on our audit.

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

In our opinion, the Council of Governments complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Council of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Council of Governments' internal control over compliance with requirements that could have a direct and material effect on a major Federal program in 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, members of the Board of Delegates, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Elizabeth Keel, PLLC
Certified Public Accountants
October 25, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133, AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Delegates
Land of Sky Regional Council
Asheville, North Carolina 28806

Compliance

We have audited Land of Sky Regional Council (the Council of Governments), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. Major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the Council of Governments' management. Our responsibility is to express an opinion on the Council of Governments' compliance based on our audit.

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

In our opinion, the Council of Governments complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Council of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and

grants applicable to State programs. In planning and performing our audit, we considered the Council of Governments' internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, members of the Board of Delegates, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Elizabeth Keel, PLLC
Certified Public Accountants
October 25, 2010

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2010

		Federal CFDA Number	Pass-Through Grantor Number
U.S. Dept of Agriculture:			
Rural Business Enterprise - Marshall Revolving Loan Fund	606	10.769	380110561024369-00 RBEG
Rural Community Development Initiative	726/727	10.766	380110561024369 RCDI
Forest Service - ARRA -Western NC Forest Products Cooperative Marketing	620	10.688	10-DG-11334419-046
Passed through Rural Development Administration			
Solid Waste Management Program 2008-2009	849/869	10.762	380110561024369-17
Solid Waste Management Program 2009-2010	840/860	10.762	380110561024369-18
Passed through North Carolina State University			
Improved Farm Profit with Farmland Protection and High Value Crops	618	10.206	2005-35618-15645
Passed through NC Department of Health and Human Services			
Food Distribution Program	520	10.570	NC-77
Total U.S. Department of Agriculture			
U.S. Dept of Commerce:			
Economic Development Administration (EDA)			
Planning Grant (other match reported NC RC#663), 1/1/09 - 12/31/11	439/430	11.302	04-83-06128
Clean Energy Planning Grant (other match reported NC RC#663 & SEO #86:	665	11.303	04-86-06260
Total U.S. Department of Commerce			
U.S. Dept of Energy:			
Passed through NC Department of Commerce, State Energy Office			
ARRA -Energy Technical Assistance Program in North Carolina	868	81.041	TA-37
Utility Savings Initiative	862	81.041	08-USI-AN1
Contracted with Triangle J Council of Governments			
ARRA -Carolina Blue Skies & Green Jobs Initiative, Clean Cities AOI 4	803	81.086	TJCOG-CBS-011
Contracted with City of Asheville			
ARRA -Local Energy Assurance Planning	913	81.122	DE-FOA-0000098
Total U.S. Department of Energy			
U.S. Department of Health & Human Services:			
Passed through N.C. Dept of Health and Human Services,			
Title III--B Planning & Administration	510/511	93.044	SG-91-02
Title III--B	520	93.044	
Title III--B Legal	520	93.044	
Title III--B Ombudsman	550	93.044	
ARRA -Congregate Nutrition	523	93.707	
Title III--C1	510/520	93.045	
ARRA -Home Delivered Nutrition	523	93.705	
Title III--C2	520	93.045	
Title IIIIF - Preventive Health 90%	513	93.043	
Total Aging Cluster			

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
i	\$ 7,626	\$ -	\$ -	\$ 7,626
	9,074	-	-	9,074
	98,785	-	-	98,785
	28,915	-	-	28,915
	83,418	-	-	83,418
	6,161	-	-	6,161
	95,328	-	-	95,328
	<u>329,307</u>	<u>-</u>	<u>-</u>	<u>329,307</u>
	63,189	-	40,982	104,171
	23,032	-	-	23,032
	<u>86,221</u>	<u>-</u>	<u>40,982</u>	<u>127,203</u>
	51,536	-	-	51,536
	10,838	-	-	10,838
	4,742	-	-	4,742
	-	-	-	-
	<u>67,116</u>	<u>-</u>	<u>-</u>	<u>67,116</u>
	76,118	49,593	43,072	168,783
	909,572	982,571	-	1,892,143
	53,029	3,119	-	56,148
	129,300	89,603	29,435	248,338
	39,984	2,352	-	42,336
	337,147	19,584	-	356,731
	45,202	2,659	-	47,861
	218,706	161,319	-	380,025
	29,985	1,764	3,528	35,277
	<u>1,839,043</u>	<u>1,312,564</u>	<u>76,035</u>	<u>3,227,642</u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2010

		Federal CFDA Number	Pass-Through Grantor Number
U.S. Department of Health & Human Services (continued):			
Title III--E	510/511	93.052	
Title VII-B, Elder Abuse	551	93.041	
Title VII-E, Ombudsman	550	93.042	
Empowering Older People	512	93.048	
Community Resource Connections, Aging and Disability Resource Center	516/517	93.048	
Family Caregiver Support	530	93.052	
Project CARE (CAregivers Running on Empty)	533/534	93.051	
Project CARE (CAregivers Running on Empty)	533/534	93.052	
MIPPA (Medicare Enrollment Assistance Program)	506	93.071	
Total U.S. Department of Health & Human Services			
U.S. Administration on Aging			
Passed through Univerity of North Carolina at Chapel Hill			
Linkages in Support of Persons with Alzheimer's Disease	532	93.051	5-51710
U.S. Department of Housing and Urban Development:			
Passed through N.C. Housing Finance Agency			
Madison County Single Family Rehabilitation Program	795	14.239	SFR 0911
Passed through N.C. Dept of Commerce, Division of Community Assistance			
ARRA-CDBG-R Madison Co Regional Small Cities Housing Program	723/724	14.228	CDBG-R 09-R-1967
Brevard Housing Development	760	14.228	CDBG 09-C-2049
Henderson County Small Business Entrepreneurial Assistance Program	635	14.228	CDBG 08-C-1848
Madison County Scattered Site Housing Program	731	14.228	CDBG 08-C-1828
Mars Hill, Small Cities Urgent Needs	741	14.228	CDBG 07-C-1750
Marshall Infrastructure	652	14.228	CDBG 03-C-1177
Marshall, Small Cities Infrastructure	751	14.228	CDBG 05-D-1751
Transylvania County Small Business Entrepreneurial Assistance Program	636	14.228	CDBG 08-C-1849
Total U.S. Department of Housing & Urban Development			
U.S. Department of Labor:			
Passed through N.C. Dept of Health and Human Services,			
Senior Community Service Experience Program	560/561	17.235	
American Recovery and Reinvestment Act SCSEP	563	17.235	
Total U.S. Department of Labor			
Appalachian Regional Commission:			
2009 ARC Administrative Grant	429/440	23.009	NC-706-B-C36
2010 ARC Administrative Grant	420/440	23.009	NC-706-B-C37
DDAA Collaborative Proposal; EECBG funding	453	23.011	CO-16492-09
2008-2009 ARC Housing Specialist	709	23.011	CWP-09-B
2009-2010 ARC Housing Specialist	700	23.011	CWP-10-B
2008-2009 Watershed Protection TAP	879	23.011	CWP-09-B
2009-2010 Watershed Protection TAP	870	23.011	CWP-10-B
Total Appalachian Regional Commission			

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
16,828	922	-	17,750
7,007	412	824	8,243
44,593	2,623	-	47,216
18,716	-	-	18,716
13,332	5,406	-	18,738
209,423	13,961	-	223,384
42,117	51,093	-	93,210
33,355	158,545	-	191,900
8,974	-	-	8,974
<u>2,233,388</u>	<u>1,545,526</u>	<u>76,859</u>	<u>3,855,773</u>
\$ 52,394	\$ -	\$ -	\$ 52,394
14,401	-	-	14,401
8,171	-	-	8,171
7,393	-	-	7,393
8,254	-	-	8,254
35,085	-	-	35,085
24,160	-	-	24,160
5,671	-	-	5,671
24,666	-	-	24,666
13,211	-	-	13,211
<u>141,012</u>	<u>-</u>	<u>-</u>	<u>126,611</u>
237,542	-	26,394	263,936
51,188	-	5,688	56,876
<u>288,730</u>	<u>-</u>	<u>32,082</u>	<u>320,812</u>
40,802	11,875	28,927	81,604
40,558	11,875	28,683	81,116
9,972	-	-	9,972
<u>91,332</u>	<u>23,750</u>	<u>57,610</u>	<u>172,692</u>
491	-	491	982
9,000	-	9,000	18,000
2,245	-	2,245	4,490
13,991	-	13,991	27,982
<u>117,059</u>	<u>23,750</u>	<u>83,337</u>	<u>224,146</u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2010

		Federal CFDA Number	Pass-Through Grantor Number
U.S. Department of Transportation, Federal Highway Administration:			
Linking Lands and Communities in Land-of-Sky Region of WNC	689	20.205	
Passed through NC Department of Transportation			
Congestion Mitigation and Air Quality	810	20.205	C-4948
Passed through NC Department of Transportation, State Planning and Research/ PL104(f) funds, WBS (39225.1.2)			
French Broad Metropolitan Planning Organization	952	20.205-5	
Total Federal Highway Administration			
Environmental Protection Agency:			
Reading, Riding, Retrofit-Schools Leading Way to Sustainability	801	66.041	AF-83454101
ARRA-RBI, Supplemental Revolving Loan Fund	646	66.818	2B 95428409
Regional Brownfields Initiative, Revolving Loan Fund Admin	645	66.818	BF 96413504
Brownfields Assessment, Phase II	683	66.818	BF 96460606
Brownfields Assessment, Phase III	684	66.818	BF 95408408
Regional Environmental Priority Project, Brownfields	671	66.611	PI 96499208
Passed through the NC Department of Environment and Natural Resources:			
ARRA-Water Resources Management for French Broad River Basin in NC	881	66.454	NCDWQ ARRA 205J #2462
Contracted with City of Asheville Brownfields Assessment Administration	670	66.818	BF 95405608
Total Environmental Protection Agency			
Corporation for National Service:			
Retired Senior Volunteer	579	94.002	09SRSNC002
Retired Senior Volunteer	570	94.002	09SRSNC002
Foster Grandparent/Senior Companion Cluster			
2009 Foster Grandparent	586	94.011	08SFSNC001
2008-2009 Senior Companion Program	599	94.016	06SCSNC005
2009-2010 Senior Companion Program	590	94.016	09SCSNC004
Total Corporation for National Service			
State Programs:			
NC General Assembly			
Passed through North Carolina Rural Center:			
Clean Water Partners Supplemental, Mars Hill	742		2008-146-40101-112
Clean Water Partners Supplemental, Marshall	752		2008-046-40101-112
Planning and Entrepreneurship-Clean Energy Future	663		2008-178-30301-107
NC Clean Water Management Trust Fund			
Conservation Easement Acquisition	895		2007-016
State Programs, continued:			

<u>Federal</u>		<u>State</u>		<u>Local</u>		<u>Total</u>	
\$	42,386	\$	-			\$	42,386
	23,809		-		-		23,809
	376,907		-		79,240		456,147
	443,102		-		79,240		522,342
	18,087		-		-		18,087
	49,948		-		-		49,948
	11,759		-		550		12,309
	79,604		-		-		79,604
	44,806		-		-		44,806
	27,780		-		-		27,780
	10,656		-		-		10,656
	46,984		-		-		46,984
	289,624		-		550		290,174
	65,045		-		9,925		74,970
	64,789		-		9,926		74,715
	129,834		-		19,851		149,685
	343,380		3,609		-		346,989
	58,295		21,571		10,712		90,578
	207,568		34,347		5,000		246,915
	265,863		55,918		15,712		337,493
	739,077		59,527		35,563		834,167
	-		9,304		-		9,304
	-		13,358		-		13,358
	-		152,596		-		152,596
	-		175,258		-		175,258
	-		70,182		-		70,182

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2010

	Federal CFDA Number	Pass-Through Grantor Number
NC Department of Commerce, State Energy Office		
Clean Vehicles Coalition	821	09-TRN-CM1
Energy Efficiency for Private Organizations in WNC	865	09-BLD-RC1
Division of Environmental Health, Wastewater Discharge		
Elimination Program, Deferred Loan/Grant Program	716	2289
Division of Pollution Prevention & Environmental Assistance		
Waste Reduction Partners	850/851/856	1264
Recycling Technical Assistance to Generators of Materials Banned from Landfills	832	2374
NC Brownfields Program Partnership for WNC	406	2275
NC Department of Health and Human Services		
Senior Center Development	521	NC-77
Flea/Heat Relief Program	522	NC-77
NC Department of Transportation		
Rural Transportation Planning Funds	900	

Total Federal and State Awards Expended

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
-	50,358		50,358
-	72,345	-	72,345
-	122,703	-	122,703
-	68,880	-	68,880
-	44,115	-	44,115
	3,551		
-	8,000	-	8,000
-	124,546	-	120,995
-	46,396	-	46,396
-	6,244	-	6,244
-	52,640	-	52,640
-	83,700	20,925	104,625
-	83,700	20,925	104,625
<u>\$ 4,787,030</u>	<u>\$ 2,257,832</u>	<u>\$ 369,538</u>	<u>\$ 7,396,448</u>

LAND-OF-SKY REGIONAL COUNCIL

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2010

1. Significant Accounting Policies

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

2. Federal and State Awards Which Have Been Passed Through to Subrecipients

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>
Buncombe County	Title III B (Legal, Access, In-Home)	93.044
	Title III C1 (Congregate Nutrition)	93.045
	Title III C2 (Home-Delivered Meals)	93.045
	ARRA-Congregate Nutrition	93.707
	ARRA-Home Delivered Nutrition	93.705
	Food Distribution	10.570
Council on Aging of Buncombe C	Food Distribution	10.570
	Family Caregiver, Title III-E	93.052
	MIPPA	93.071
	Fan/Heat Relief	N/A
Meals on Wheels	Food Distribution	10.570
Asheville Area Parks & Rec	Senior Center Development	N/A
Town of Black Mountain	Senior Center Development	N/A

Pass-Through Grantor Number	Federal	State
NC-77	\$ 583,142	\$ 581,230
NC-77	94,445	5,555
NC-77	60,140	44,360
09AANCC1RR	13,770	810
09AANCC2RR	24,399	1,435
NC-77	21,617	-
	<u>797,513</u>	<u>633,390</u>
NC-77	4,492	-
NC-77	23,700	1,580
	2,000	
NC-77	-	3,223
	<u>30,192</u>	<u>4,803</u>
NC-77	3,804	-
NC-77	-	25,306
NC-77	-	4,218
	<u> </u>	<u> </u>

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>
Henderson County (paid directly to providers per agreement with Henderson Co)	Title III B (Legal,Access,In-Home)	93.044
	Title III C1 (Congregate Nutrition)	93.045
	Title III C2 (Home-Delivered Meals)	93.045
	ARRA-Congregate Nutrition	93.707
	ARRA-Home Delivered Nutrition	93.705
	Food Distribution	10.570
Henderson Co Council on Aging	Family Caregiver, Title III-E	93.052
	Senior Center Development	N/A
	Food Distribution	10.570
	Fan/Heat Relief	N/A
Pardee Pavilion	Family Caregiver, Title III-E	93.052
Mountain Home Care	Family Caregiver, Title III-E	93.052
Madison County	Title III B (Legal,Access,In-Home)	93.044
	Title III C1 (Congregate Nutrition)	93.045
	Title III C2 (Home-Delivered Meals)	93.045
	ARRA-Congregate Nutrition	93.707
	ARRA-Home Delivered Nutrition	93.705
	Food Distribution	10.570
	Family Caregiver, Title III-E	93.052
	Senior Center Development	N/A
Transylvania County	Title III B (Legal,Access,In-Home)	93.044
	Title III C1 (Congregate Nutrition)	93.045
	Title III C2 (Home-Delivered Meals)	93.045
	ARRA-Congregate Nutrition	93.707
	ARRA-Home Delivered Nutrition	93.705
	Food Distribution	10.570
Transylvania Community Hospitz	Family Caregiver, Title III-E	93.052
Transylvania County WCCA	Fan/Heat Relief	N/A
	Senior Center Development	N/A
	Food Distribution	10.570

Pass-Through**Grantor****Number****Federal****State**

NC-77	\$ 225,374	\$ 235,002
NC-77	21,177	1,246
NC-77	138,004	101,793
09AANCC1RR	10,804	638
09AANCC2RR	13,187	776
NC-77	36,506	-
	<hr/> 445,052	<hr/> 339,455
NC-77	5,212	347
NC-77	-	4,218
NC-77	2,111	
NC-77		2,220
	<hr/> 7,323	<hr/> 6,785
NC-77	10,294	686
NC-77	4,603	307
NC-77	53,717	59,943
NC-77	84,668	4,980
NC-77	115,993	11,797
09AANCC1RR	6,418	378
09AANCC2RR	3,160	186
NC-77	16,302	-
NC-77	7,969	531
NC-77	-	8,436
	<hr/> 288,227	<hr/> 86,251
NC-77	100,349	91,535
NC-77	75,167	4,422
NC-77	4,568	3,370
09AANCC1RR	8,991	529
09AANCC2RR	4,458	262
NC-77	5,915	-
	<hr/> 199,448	<hr/> 100,118
NC-77	15,000	1,000
NC-77		801
NC-77	-	4,218
NC-77	4,580	-
	<hr/> 4,580	<hr/> 5,019

State Awards

Internal control over major state programs:

Material weakness(es) iden _____yes X no

Significant deficiencies identified
that are not considered to be
material weaknesses _____yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required
to be reported in accordance with State

Single Audit Implementation Act? _____yes X no

Identification of major state programs:

<u>CFDA#</u>	<u>Program Name or Cluster</u>
93.044 and 93.045	Aging Cluster

Section II. Financial Statement Findings

Findings: None

Significant Deficiencies: None

Section III. Federal Award Findings and Questioned Costs

Findings: None

Significant Deficiencies: None

Section IV. State Award Findings and Questioned Costs

Findings: None

Significant Deficiencies: None

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2010

2009

There were no findings for the year ending June 30, 2009.

2008

There were no findings for the year ending June 30, 2008.

2007

There were no findings for the year ending June 30, 2007.