



FINANCIAL STATEMENTS
Year Ended June 30, 2011

Land-of-Sky Regional Council
Asheville, North Carolina
Council Members
June 30, 2011

<u>Name</u>	<u>Position</u>	<u>Jurisdiction</u>	<u>Position</u>
Letta Jean Taylor	Chair	Montreat	Mayor of the Town of Montreat
Terry Bellamy	1 st Vice Chair	Asheville	Mayor of the City of Asheville
Jason Chappell	2 nd Vice Chair	Transylvania	County Commissioner
Holly Jones	Secretary	Buncombe	County Commissioner
Bob Davy	Treasurer	Henderson	Fletcher Councilman

Executive Committee

Bill O'Connor	At-Large	Henderson	County Commissioner
Debbie Ponder	At-Large	Madison	County Commission Chair

Council Primary Members

<u>Name</u>	<u>County</u>	<u>City/Town</u>
George Goosmann, III	Buncombe	Biltmore Forest
Carl Bartlett	Buncombe	Black Mountain
Walt Currie	Madison	Weaverville
Jerry VeHaun	Buncombe	Woodfin
Barbara Volk	Henderson	Hendersonville
Dona Menella	Henderson	Laurel Park
Dave Bucher	Henderson	Flat Rock
Johnny Norton	Madison	Hot Springs
John Chandler	Madison	Mars Hill
Lawrence Ponder	Madison	Marshall
Jimmy Harris	Transylvania	Brevard
Roger Petit	Transylvania	Rosman

Council Secondary Members

Denise Braine	Buncombe	
Cecil Bothwell	Buncombe	Asheville
Charles Grimes	Buncombe	Biltmore Forest
Tim Rayburn	Buncombe	Black Mountain
Jack McCaskill	Buncombe	Montreat
Jason Young	Buncombe	Woodfin
Anthony Starr	Henderson	

Council Secondary Members, continued

<u>Name</u>	<u>County</u>	<u>City/Town</u>
Jeff Collis	Henderson	Hendersonville
Mark Biberdorf	Henderson	Fletcher
James Ball	Henderson	Laurel Park
Jim Wert	Henderson	Flat Rock
Steve Garrison	Madison	
Kenny Ramsey	Madison	Hot Springs
Daryhl Boone	Madison	Mars Hill
Luther Nix	Madison	Marshall
Kelvin Phillips	Transylvania	
Joe Moore	Transylvania	Brevard
J.C. Chapman	Transylvania	Rosman

Council Members At-Large (Minority Representatives)

Simone Bouyer	Madison
Janet Bowman	Buncombe
Rodney Locks	Transylvania

Economic Development Representatives

Mark Burrows	Transylvania
George Morosani	Buncombe
Jerry Plemmons	Madison
Andrew Tate	Henderson

Program Representatives

Charles Dickens, Aging
Vacant, Volunteer Services

LAND-OF-SKY REGIONAL COUNCIL
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FINANCIAL SECTION

Elizabeth Keel, PLLC

CERTIFIED PUBLIC ACCOUNTANT

60 Ravenscroft Drive, 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, 2011, 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, 2011, 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 November 19, 2011 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

Elizabeth Keel, PLLC
Certified Public Accountant
November 19, 2011

LAND-OF-SKY REGIONAL COUNCIL
Management's Discussion and Analysis
June 30, 2011

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, 2011. 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 \$664,160 (*net assets*).
- The Council's total net assets increased by \$60,929, an amount that is consistent with the steady historical increase of the Council's net assets.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$704,476, a decrease of \$33,384 in comparison with the prior year. Of this amount \$703,011 is restricted by State statute. The remaining \$1,465 or less than 1% of total fund balance is unassigned and available for use in the subsequent period. The costs to operate the Council in the subsequent period are incurred and paid in the subsequent period from the federal, State and local awards that the Council is formed to administer.

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 36 of this report.

Government-Wide Financial Analysis

Table 1
Condensed Statement of Net Assets
June 30, 2011

	Governmental	
	Activities	
	2011	2010
Current assets	\$ 1,994,259	\$1,555,051
Capital assets	2,230,916	2,179,091
Total assets	4,225,175	3,734,142
Current liabilities	1,330,197	885,293
Long-term liabilities	2,230,818	2,245,618
Total liabilities	3,561,015	3,130,911
Net assets:		
Invested in capital assets, net of related debt	94,842	1,563
Unrestricted	569,318	601,668
Total net assets	\$ 664,160	\$ 603,231

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 \$664,160 as of June 30, 2011. The Council's net assets increased by \$60,929 for the fiscal year ended June 30, 2011. No restriction applies to the Council's net assets. Fourteen 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 \$569,318 (86%) is unrestricted.

Table 2
Condensed Statement of Activities
June 30, 2011

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$1,087,131	\$ 1,262,372
Operating grants and contributions	9,553,448	7,082,745
General Revenues		
Local governmental dues	65,641	137,908
Grants and contributions not restricted to specific programs	89,110	105,110
Miscellaneous revenue	7,440	
Unrestricted investment earnings	561	1,084
Total revenues	<u>10,803,331</u>	<u>8,589,219</u>
Expenses:		
Governmental activities:		
Management and business operations	247,495	225,645
Economic and community development	2,989,477	1,249,484
Human services	5,862,801	5,918,290
Environmental protection	1,193,003	608,704
Transportation	449,626	575,758
Total expenses	<u>10,742,402</u>	<u>8,577,881</u>
Change in net assets	<u>60,929</u>	<u>11,338</u>
Net assets, July 1	<u>603,231</u>	<u>591,893</u>
Net assets, June 30	<u>\$ 664,160</u>	<u>\$ 603,231</u>

Governmental activities. Governmental activities decreased the Council's net assets by \$33,384. Key elements of this decrease were costs associated with the Council's occupation and improvement to its expanded facility along with its support of economic development activities and supporting member governments.

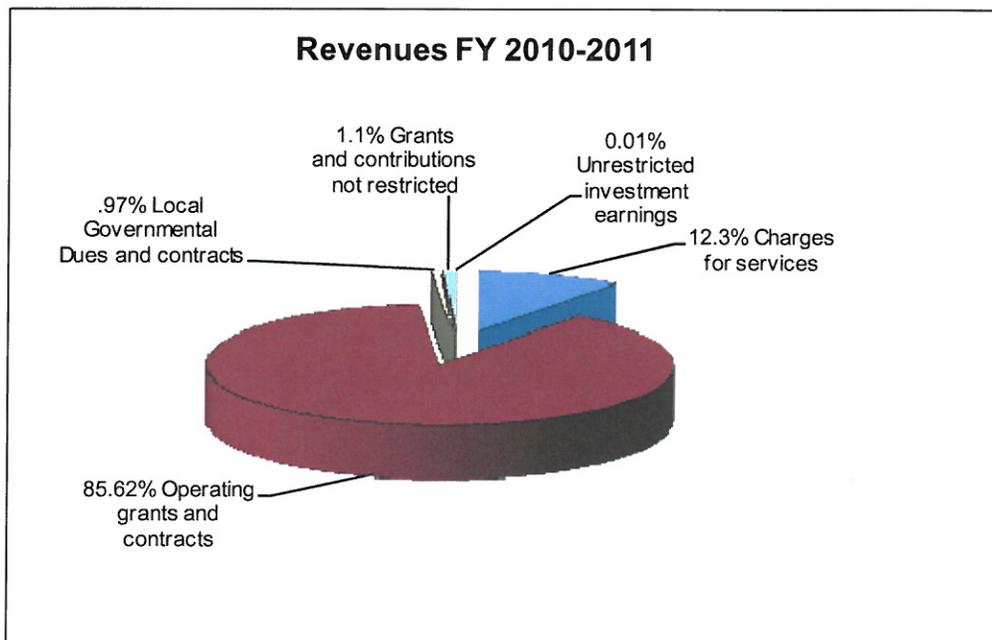
Financial Analysis of the Council's Funds

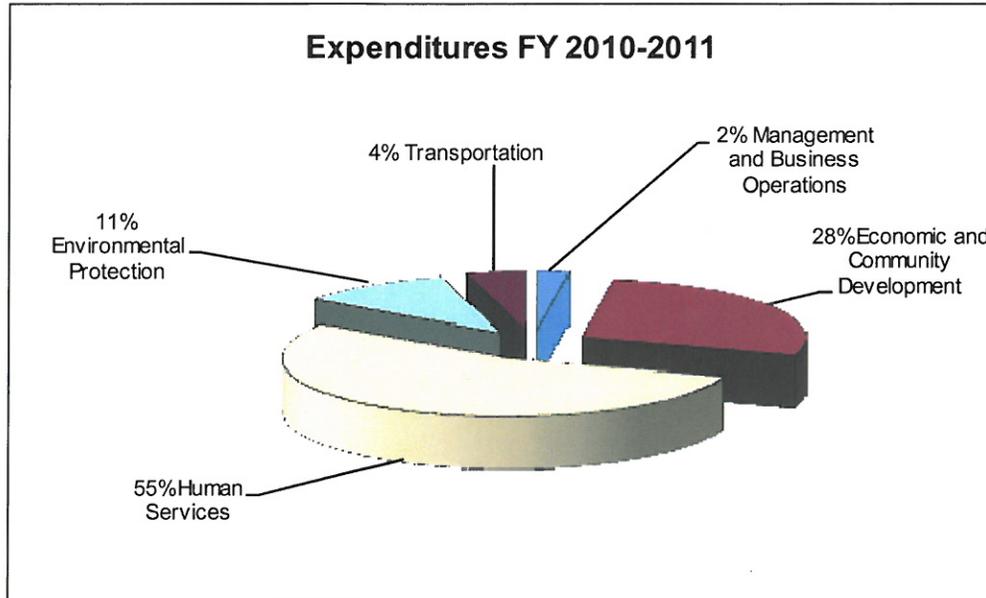
As noted earlier the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, fund balance of the General Fund was \$704,476 all of which is reserved. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures, net of acquisitions funded through capital lease arrangements as well as total fund balance. Unassigned fund balance represents less than 1% of total fund balance. As explained on page three, operations for the Council are paid from the budgets of federal, State and local awards. A schedule of indirect costs is included in the financial statements. At June 30, 2011 the governmental funds of the Council reported a total combined fund balance of \$704,476 representing 5% decrease 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 \$159,401. However, amendments to the Special Revenue Fund increased revenues \$5,007,656. Significant amounts are as follows: Economic and Community Development Services - \$3,396,795, Human Services - \$416,133, Environmental Protection Services - \$527,696 and Transportation Planning Services - \$225,251.





Capital Asset and Debt Administration

Capital assets. The Council’s capital assets for all governmental-type activities as of June 30, 2011, totals \$2,230,916 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, totaling \$169,600. Purchase of computer equipment totaled \$20,200.

**Table 3
Summary of Capital Assets
(Net of Depreciation)
As of June 30, 2011**

	Governmental Activities	
	2011	2010
Completed office space	\$ 2,165,092	\$2,051,111
Leasehold improvements in process	-	33,438
Vehicle	5,454	9,090
Administrative equipment	60,370	70,620
Aging section equipment	-	98
Local government services	-	14,734
Total	\$ 2,230,916	\$2,179,091

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

Table 4
Summary of Capital Leases
As of June 30, 2011

	Governmental	
	Activities	
	2011	2010
Capital leases		
General office equipment	\$ 21,351	\$ 34,228
Office space	2,114,723	2,143,300
Total capital leases	\$ 2,136,074	\$ 2,177,528

As of June 30, 2011, the outstanding debt of the Council consisted of \$2,114,723 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

- In order to provide additional space for new programs, leasehold improvements for Suite 130 were completed in FY 2011. The Council had planned to upfit the additional 3,000 square feet adjacent to Suite 140 and the deferral of two current capital lease payments of principle facilitated this activity. The construction provided eight new offices and two additional conference rooms with storage, restrooms, copy room and an extra employee entrance, as well as modified the original main entrance to the Council office to be handicapped accessible.
- Mountain Area Workforce Development Board, funded through the Workforce Investment Act, became part of the Council July 1, 2011. These programs are housed at A-B Tech Campus and include a budget of close to \$3.4 million, employ ten continuing staff, and assist employers with on-the-job training and train and place unemployed workers in all four counties.
- Administration for Mountain Mobility, Buncombe County’s transportation operations, was transferred to the Council, effective July 1, 2011, with a contract for reimbursement for administrative expenses of \$297,246. Operations are contracted out to a private entity. The administrative activities are budgeted with three regular positions, two of which are filled with previous long-term Buncombe County employees. The Mountain Mobility administrative staff are now regular Council employees and are housed in a portion of the new Suite 130 space.
- 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 2012 continues to be reduced and is now \$19,480, 33% of FY 2008 appropriation.
- GroWNC, an award of \$1.6 million from the US Dept of Housing and Urban Development, Office of Sustainable Housing and Communities, is a Livable Communities Initiative for the five county region of Buncombe, Haywood, Henderson, Madison and Transylvania counties. GroWNC is a listening effort, gathering data and working to create a vision for the future of our Region.
- EvolveEnergy^P is a clean energy economic development partnership for western North Carolina, supported with a variety of funding sources. The Appalachian Regional Commission has recently invested another \$100,000 to support this activity.

- With FY 2012, the Council's Area Agency on Aging and the Council's Department of Volunteer Services faced significant budget challenges. The lack of additional Aging funding for Planning and Administration and reduced awards from the Corporation for National Service, required a review of staffing and, with attrition, early FY 2012 was the appropriate time. The Council determined that, at this time, the services provided through the AAA and through Volunteer Services were best managed by one Director, with additional staff time included for supporting the various programs. This restructuring and the new Council positions for Mountain Area Workforce Development and Mountain Mobility administration will be a major focus of a Classification Plan Study to begin in December 2011.
- Due to the economic climate, the Council did not give any cost-of-living raises with the FY 2012 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, NC 28806
(828) 251-6622, fax (828) 251-6353
e-mail: peggy@landofsky.org

**Statement of Net Assets
For the Year Ended June 30, 2011**

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 345,414
Due from other governments	
Accounts and notes receivable	1,648,845
Prepaid items	
Total current assets	<u>1,994,259</u>
Capital assets, net of depreciation	
Office space and related improvements, net	2,165,092
Equipment and vehicles, net	65,824
	<u>2,230,916</u>
Total assets	<u><u>\$ 4,225,175</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 656,769
Deferred award revenue	492,526
Accrued liabilities	140,488
Current portion of obligations under capital leases	40,414
Total current liabilities	<u>1,330,197</u>
Noncurrent liabilities	
Noncurrent portion of obligations under capital leases	2,095,660
Accrued vacation	135,158
Total noncurrent liabilities	<u>2,230,818</u>
Net assets	
Invested in capital assets, net of related debt	94,842
Unrestricted	569,318
	<u>664,160</u>
Total net assets	<u><u>\$ 664,160</u></u>

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

**Statement of Activities
For the Year Ended June 30, 2011**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>
				<u>Governmental Activities</u>
Governmental activities				
Management and Business Operations	\$ 247,495	\$ 15,515	\$ 129,274	\$ (102,706)
Economic and Community Development	2,989,477	126,143	2,822,406	(40,928)
Human Services	5,862,801	91,850	5,770,979	28
Environmental Protection	1,193,003	410,409	822,830	40,236
Transportation	449,626	443,214	7,959	1,547
Total primary government	\$ 10,742,402	\$ 1,087,131	\$ 9,553,448	\$ (101,823)
		General revenues		
				65,641
				89,110
				7,440
				561
			Total general revenues	162,752
			Change in net assets	60,929
			Net assets - beginning	603,231
			Net assets - ending	\$ 664,160

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

LAND-OF-SKY REGIONAL COUNCIL

**Balance Sheet - Governmental Funds
For the Year Ended June 30, 2011**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>Assets</u>			
Assets:			
Cash and investments	\$ 345,414	\$ -	\$ 345,414
Accounts receivable:			
Federal and state agencies	13,870	1,576,299	1,590,169
Local governmental agencies		31,577	31,577
Other	1,661	15,838	17,499
Note receivable from revolving loan program	-	9,600	9,600
Due from Special Revenue Fund	687,480	-	687,480
Prepaid items	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$1,048,425</u>	<u>\$ 1,633,314</u>	<u>\$ 2,681,739</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 203,807	\$ 593,450	\$ 797,257
Unearned revenue	140,142	352,384	492,526
Due to General Fund	-	687,480	687,480
Total liabilities	<hr/> 343,949	<hr/> 1,633,314	<hr/> 1,977,263
Fund balances:			
Stabilized by State statute	703,011	-	703,011
Restricted for prepaid items	-	-	-
Unassigned fund balance	1,465	-	1,465
Total fund balances	<hr/> 704,476	<hr/> -	<hr/> 704,476
Total liabilities and fund balances	<u>\$1,048,425</u>	<u>\$ 1,633,314</u>	<u>\$ 2,681,739</u>

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

**Balance Sheet - Governmental Funds
For the Year Ended June 30, 2011**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Amounts reported for governmental activities in the statement of net assets are different because:			
Ending fund balances - governmental funds			\$ 704,476
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,230,916
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>(2,271,232)</u>
Net assets of governmental activities			<u>\$ 664,160</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, 2011**

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Revenues:			
Federal government	\$ -	\$ 6,696,558	\$ 6,696,558
State of North Carolina	8,000	2,369,192	2,377,192
Local governmental agencies	-	722,797	722,797
Local government membership dues	65,641	150,449	216,090
Private	52,043	80,940	132,983
In-kind	-	450,020	450,020
Interest income	561	11	572
Other	7,440	31,936	39,376
Total revenue	133,685	10,501,903	10,635,588
Expenditures:			
Management and Business Operations	170,858	-	170,858
Human Services	-	5,868,447	5,868,447
Environmental Protection	-	1,193,003	1,193,003
Economic and Community Development	-	2,989,477	2,989,477
Transportation	-	450,976	450,976
Total expenditures	170,858	10,501,903	10,672,761
Revenues over (under) expenditures	(37,173)	-	(37,173)
Other financing sources (uses):			
Gain (Loss) on sale of assets	752	-	752
Appropriated fund balance	172,637	-	172,637
Leasehold improvements	(169,600)	-	(169,600)
Transfers from (to) other funds	-	-	-
	3,789	-	3,789
Net change in fund balances	(33,384)	-	(33,384)
Fund balances - beginning of year	737,860	-	737,860
Fund balances - ending of year	\$ 704,476	\$ -	\$ 704,476

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011**

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

Net change in fund balances - total governmental funds	\$ (33,384)
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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	189,800	
Depreciation expense for governmental assets	<u>(177,568)</u>	
		12,232

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.	38,932
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Some expenses reported in the statement of activities do not require the use of current financial resources in governmental funds -

Compensated absences	<u>43,149</u>
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Change in net assets of governmental activities	<u><u>\$ 60,929</u></u>
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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, 2011

	General			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal government	\$ -	\$ -	\$ -	\$ -
State of North Carolina		8,000	8,000	-
Local governmental agencies and membership dues	54,860	54,860	65,641	10,781
Private		32,326	52,043	19,717
In-kind	60,317	164,492	-	(164,492)
Interest income		-	561	561
Miscellaneous	-	14,900	7,440	(7,460)
Total revenue	<u>115,177</u>	<u>274,578</u>	<u>133,685</u>	<u>(140,893)</u>
Expenditures:				
Management and Business Operations	115,177	274,578	170,858	(103,720)
Development	-	-	-	-
Human Services	-	-	-	-
Environmental Protection	-	-	-	-
Transportation	-	-	-	-
Total expenditures	<u>115,177</u>	<u>274,578</u>	<u>170,858</u>	<u>103,720</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(37,173)</u>	<u>(37,173)</u>
Other financing sources (uses):				
Gain (Loss) on sale of capital assets	-	-	752	752
Appropriated Fund Balance	-	169,600	172,637	3,037
Cost of leasehold improvements	-	(169,600)	(169,600)	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,789</u>	<u>3,789</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(33,384)</u>	<u>\$ (33,384)</u>
Fund balances - beginning of year				
Fund balances - ending of year			<u>\$ (33,384)</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>	
\$ 6,223,163	\$ 9,591,950	\$ 6,696,558	\$ (2,895,392)
1,947,970	2,681,446	2,369,192	(312,254)
443,698	924,113	873,246	(50,867)
89,996	161,714	80,940	(80,774)
412,069	773,299	450,020	(323,279)
-	-	11	11
19,900	11,930	31,936	20,006
<u>9,136,796</u>	<u>14,144,452</u>	<u>10,501,903</u>	<u>(3,642,549)</u>
-	-	-	-
5,424,598	5,840,731	5,868,447	27,716
1,425,702	2,773,121	1,193,003	(1,580,118)
1,715,021	4,742,434	2,989,477	(1,752,957)
571,475	788,166	450,976	(337,190)
<u>9,136,796</u>	<u>14,144,452</u>	<u>10,501,903</u>	<u>(3,642,549)</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, 2011**

	<u>Agency Funds</u>	<u>Private Purpose Trusts</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 31,836	\$ 3,427
Accounts receivable	-	1,201
	<u>31,836</u>	<u>4,628</u>
<u>Liabilities</u>		
Accounts payable	<u>1,202</u>	<u>1,626</u>
<u>Net Assets</u>		
Held in trust for other purposes	<u>\$ 30,634</u>	<u>\$ 3,002</u>

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

LAND-OF-SKY REGIONAL COUNCIL

Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	<u>Private Purpose Trusts</u>
Additions	
Receipts	46,029
Deductions	
Pass-through expenses	<u>46,029</u>
Change in net assets	<u>-</u>
Net assets, beginning of year	<u>3,002</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, 2011

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.
- ***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, 2011.

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, 2011 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 \$677,880 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 the government-wide and proprietary fund 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, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance - in the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end balance, of Council expenses for the coming year prepaid during the current year, which is not a spendable resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization of State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of the Council's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance – Portion of fund balance that the Council intends to use for specific purposes.

Subsequent Year's Expenditures – Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Assigned for – Revenue sources are assigned to fund budgeted amounts in the subsequent period for obligations related to federal and State award expenditures and obligations related to employment. The financial statements detail these assigned classifications.

Unassigned Fund Balance – The portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

State law G.S. 159-13(b)(16) restricts appropriation of fund balance or fund equity 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 these amounts stand at the close of the fiscal year preceding the budget year.

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, 2011, is 48% of direct salaries and fringe. 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, 2011, is 48% of direct salaries and fringe.

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, 2011, the Council's deposits had a carrying amount of (\$45,428) 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. The operating account overdraft is included in accounts payable for financial statement reporting purposes.

Investments – At June 30, 2011, the Council had \$345,414 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. The accompanying financial statements report all of the Council's cash at year end as invested with the North Carolina Capital Management Trust.

Capital Assets – Capital asset activity for the year ended June 30, 2011, was as follows:

Summary of Capital Assets, net of depreciation

	<u>Balance</u> <u>July 01, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental activity:				
Capital assets not being depreciated:				
Leasehold improvements in progress	\$ 33,438	\$ -	\$ (33,438)	\$ -
Capital assets being depreciated:				
Office space and leasehold improvements	2,271,894	206,075	-	2,477,969
Vehicles	21,815	-	-	21,815
Equipment	360,457	20,201	-	380,658
Total capital assets being depreciated	<u>2,687,604</u>	<u>226,276</u>	<u>(33,438)</u>	<u>2,880,442</u>
Less accumulated depreciation for:				
Office Space and Leasehold Improvements	220,783	92,094	-	312,877
Vehicles	12,725	3,636	-	16,361
Equipment	238,450	81,838	-	320,288
Total accumulated depreciation	<u>471,958</u>	<u>177,568</u>	<u>-</u>	<u>649,526</u>
Governmental activity capital assets, net	<u>\$ 2,215,646</u>	<u>\$ 48,708</u>	<u>\$ (33,438)</u>	<u>\$ 2,230,916</u>

Depreciation was charged to governmental functions as follows:

Administration	\$160,588
Aging	98
Local government services	11,428
Volunteer services	<u>5,454</u>
	<u>\$177,568</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

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. The current rate is 12.46% of annual covered payroll of which the Council contributes 6.46% with the remaining 6% withheld from employee compensation. 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, 2011, 2010, and 2009 were \$112,399, \$81,310 and \$76,241 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, 2011, the Council made contributions to the State for death benefits of \$1,914. The Council's required contributions represented 0.11% 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, 2011, the council's expenditure was \$10,101.

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	\$10,101
Interest on net OPEB obligation	0
Adjustment	<u>0</u>
Annual OPEB expense	\$10,101
Actual OPEB expenses paid	<u>\$10,101</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 2011 were as follows:

For the year ended June 30, 2011:	
Annual OPEB Cost	\$10,101
Percentage of OPEB Cost Contributed	100%
Net OPEB Obligation	\$0

Funded Status and Funding Progress. During the June 30, 2011 fiscal year, the Council abandoned the use of actuarial calculations and specifically calculated the maximum possible benefits for the one eligible participant in the plan at \$65,727 all 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, 2011:

	General Fund	Special Revenue Fund
Unearned grants	<u>\$ 140,142</u>	<u>\$ 352,384</u>

Long-Term Obligations -

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 semiannual payments of interest until November 15, 2009 at which time the first semiannual payment of \$73,050 was due. Semiannual 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:

	Furniture & Equipment	Office Space and Leasehold Improvements	Totals
Years Ending June 30,			
2012	\$ 12,588	\$ 116,931	\$ 129,519
2013	10,494	146,100	156,594
2014	-	146,101	146,101
2015	-	146,100	146,100
2016	-	146,101	146,101
2017 through 2033	-	2,318,308	2,318,308
	<u>23,082</u>	<u>3,019,641</u>	<u>3,042,723</u>
Less: interest	<u>(1,442)</u>	<u>(1,197,712)</u>	<u>(1,199,154)</u>
Present value of minimum lease payments	21,640	1,821,929	1,843,569
Less: current portion	<u>(11,244)</u>	<u>(29,170)</u>	<u>(40,414)</u>
Lease obligations, less current portion	<u>\$ 10,396</u>	<u>\$ 1,792,759</u>	<u>\$ 1,803,155</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, 2011:

<u>Governmental Activity</u>	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Current Portion of Balance</u>
Capital lease, office space and leasehold improvements	\$ 2,143,300	\$ -	\$ 28,577	2,114,723	\$ 29,170
Capital lease, equipment	31,706	-	10,355	21,351	11,244
Capital lease, vehicle	-	-	-	-	-
Compensated absences	136,951	-	1,793	135,158	-
Total governmental activities	<u>\$ 2,311,957</u>	<u>\$ -</u>	<u>\$ 40,725</u>	<u>\$ 2,271,232</u>	<u>\$ 40,414</u>

Fund Balance

Land of Sky Regional Council has a revenue spending policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local funds, Land of Sky Regional Council funds. For purposes of fund balance, classification expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and unassigned fund balance. The Finance Officer has Board authorization to deviate from this policy if it is in the best interest of the Council. The following provides to the public the portion of the General fund balance that is available for appropriation:

Total fund balance.	\$704,476
Less:	
Stabilized by State Statute	703,011
Appropriated Fund Balance	-
Remaining fund balance	<u>\$ 1,465</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; errors 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.

**Schedule of Indirect Costs
For the Year Ended June 30, 2011**

	<u>Administrative</u>	<u>Finance</u>	<u>Building Operations</u>	<u>Total</u>
Indirect costs:				
Personnel	\$ 217,401	\$ 131,119	\$ 3,092	\$ 351,612
Fringe benefits	102,227	42,661	237	145,125
Total indirect personnel	\$ 319,628	\$ 173,780	\$ 3,329	\$ 496,737
Telephone and postage	28,955	733	-	29,688
Travel	16,645	3,578	-	20,223
Rent	-	-	-	-
Utilities	-	-	12,864	12,864
Maintenance and repairs	1,845	3,488	25,957	31,290
Insurance, not payroll related	10,175	-	1,939	12,114
Training and workshops	1,737	1,695	-	3,432
Supplies	12,464	206	1,200	13,870
Contractual	5,112	13,766	1,700	20,578
Dues and subscriptions	2,746	512	-	3,258
Printing	14,597	-	-	14,597
Advertising	1,481	52	-	1,533
Equipment and technology	27,540	4,460	-	32,000
Leased equipment	18,169	-	-	18,169
Usage Allowance	1,492	-	-	1,492
Depreciation	-	-	89,469	89,469
Other	398	3	4	405
Debt service for capital lease	-	-	-	-
Interest	2,233	-	44,325	46,558
Total indirect costs	\$ 465,217	\$ 202,273	\$ 180,787	\$ 848,277

Indirect costs compared to provisional indirect rate:

Personnel expenditures carrying indirect contributions	\$ 1,278,994
Fringe Benefits on Direct Personnel	456,729
Total Base, Direct Salaries & Fringe	\$ 1,735,722
Provisional rate	48%
Provisional indirect contribution	833,147
*Charges for services rendered based on actual cost: Waste Reduction Partners	7,000 *
Regional Brownfields Representative	8,000 *
Total provisional indirect contribution	848,147
Total indirect costs	848,277
Indirect costs over (under) adjustment	\$ 130

* see items below

continued

**Schedule of Indirect Costs
For the Year Ended June 30, 2011**

<u>Indirect costs allocated</u>	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
Brownfields Regional Site Host	406			8,000 *
Local	410	2,413	862	1,707
Local Fundraising	412	296	110	193
ARC 2010	420	32,722	11,685	21,315
ARC 2011	421	10,370	3,703	7,792
EDA 2010	430	15,383	5,493	9,896
EDA 2011, CEDS	431	17,141	7,207	10,035
State Technical Assistance	440	11,374	4,062	7,409
Fall Prevention	505	2,193	783	1,426
MIPPA-Relay for Extra Help	506	2,030	725	1,323
Aging - Planning	510	100,379	35,845	68,420
SB1559 Aging Funds P & A	511	22,794	8,140	14,848
Aging - Health Promotions	513	8,519	3,042	5,549
Family Caregiver Support	530	61,636	22,010	38,346
UNC-CH Alzheimers Respite Care	532	720	361	531
ARRA - CDSMP-Chronic Disease Self-Manage	543	7,447	2,659	4,850
ARRA CDSMP-Yr 2	544	1,419	507	924
Regional Ombudsman	550	128,160	45,766	83,451
Elder Abuse	551	3,392	1,211	2,210
Senior Community Service Employment Program	560	36,534	13,046	23,798
RSVP (1/1/10-12/31/10)	570	34,913	12,467	22,732
RSVP (1/1/11 - 12/31/11)	571	33,958	12,126	22,130
FGP	586	64,753	23,123	42,180
Senior Companion 9/30/09-9/29/10	590	16,198	5,784	10,552
Senior Companion 9/30/10 - 9/29/11	591	49,085	17,528	31,762
Liveable Communities Initiative	600	32,529	11,616	20,567
ARRA-USFS, WNC Forest Products Cooperativ	620	46,446	16,586	32,279
CDBG Grantwriting	630	2,900	1,036	1,889
Henderson Co SBE-CDBG	635	2,104	751	1,371
Transylvania Co SBE CDBG	636	553	197	360
CDBG-Gaia Herb, TransCo Building Reuse Pro	637	2,482	886	1,617
NCRC EIG III, Energy Economy	660	13,609	4,860	8,865
ARC Energy Phase 1	661	13,844	4,944	9,018
NC RC Innovation II - Energy/Fuels	663	5,308	1,929	1,626
EDA Clean Energy in WNC	665	15,259	5,649	10,403
Brownfields Consulting, City of Asheville	670	24,070	8,595	15,679
Brownfields Conference 2007	680	265	98	173
ZSR Linking Lands & Communities	686	233	83	162
NARC Reg'l Ctr of Excellence-Linking Lands &	688	292	104	205
BRNHA Heritage-Linking Lands & Communiti	690	461	165	310
PRF-Mountain Ridge Protection	691	1,298	464	848
NC Wildlife Resources Commission-Green Gro	697	13,377	5,047	9,497
ARC Housing (Fed Yr 2011)	701	1,810	646	1,056
NC CWMTF-Straight Pipe Elimination, #2	716	3,031	1,082	1,975

continued

**Schedule of Indirect Costs
For the Year Ended June 30, 2011**

	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
Straight-Pipe Phase 2	717	1,181	422	770
ARRA - CDBG Regional Admin	723	1,028	367	670
ARRA-CDBG Regional Implementation	724	25,158	8,984	16,388
USDA Rural Dev Capacity Bldg	726	12,830	2,951	7,628
Match for 726, USDA Rural Dev Capacity Bldg	727	16,925	6,044	10,954
Madison Co CDBG-Scattered Site	731	1,339	478	872
Madison Co Scattered Site Service Delivery	732	2,067	778	1,508
ARRA-EECBG-Madison Admin	733	4,746	1,695	3,091
CDBG Mars Hill Infrastructure	741	1,989	710	1,296
NCRC Mars Hill Supplemental	742	2,618	935	1,706
ARRA Mars Hill EECBG	746	54	19	35
CDBG Marshall	751	755	277	375
NCRC Marshall, Clean Water Partners Supplem	752	2,755	984	1,795
CDBG-Brevard	760	8,350	2,982	5,439
EPA-Reading, Riding Retrofit	801	20,825	7,437	13,566
ARRA-Triangle J-Carolina Blue Skies	803	8,498	3,155	5,536
CMAQ-DOT	810	3,945	1,409	2,570
Alternative Fuels Initiative 2007	821	42,161	15,310	29,972
MELC-Mobile Environmental Learning Ctr	830	268	96	224
NC DPPEA Educ-Banned SW	832	3,015	1,148	2,102
DPPEA Recycling Bins in Schools	833	1,661	616	1,170
RUS 15, Solid Waste, LGS	840	6,258	2,355	4,465
RUS 16 Solid Waste, LGS	841	16,276	5,990	11,062
DPPEA SWMTF WRP	850	1,511	539	984
DPPEA/WRP	851	2,894	1,033	7,077 *
WRP SEO Energy Mngmnt Mentoring	854	1,124	401	732
WRP-EPA Hospitality Industry TA	860	336	120	219
WRP-RUS 16	861	4,624	1,651	3,012
WRP-SEO En Eff Audits-Private Sector	865	425	152	277
WRP-SEO-ARRA Technical Svcs	868	1,061	379	691
ARC Water FY10**FY09 Riverweek use 880 F	870	2,209	741	1,390
ARC Water TA 10/1/10-9/30/11	871	1,065	888	693
TVA-HWA Stormwater	876	2,291	775	1,492
Riverweek	880	2,395	903	1,560
RPO	900	50,061	16,529	32,119
ARRA-LEAP (DOE-City of Asheville)	913	40,332	14,403	26,272
French Broad River MPO	952	139,741	49,902	89,156
Total indirect expense allocation		\$ 1,278,470	\$ 456,541	\$ 848,147

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

For the Year Ended June 30, 2011

	Carolina West <u>Inc</u>	WNC Highway <u>Corridors</u>	Total Agency <u>Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 27,183	\$ 4,653	\$ 31,836
<u>Liabilities</u>			
Accounts Payable	<u>1,202</u>	<u>\$ -</u>	<u>\$ 1,202</u>
<u>Net Assets</u>			
Held in trust for other purposes	<u>\$ 25,981</u>	<u>\$ 4,653</u>	<u>\$ 30,634</u>

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

For the Year Ended June 30, 2011

	<u>CarolinaWest Inc</u>	<u>WNC Highway Corridors</u>	<u>Agency Funds</u>
Additions			
Receipts	\$ 9,816	\$ -	\$ 9,816
Deductions			
Pass-through expenses	<u>13,367</u>	<u>-</u>	<u>13,834</u>
Change in net assets	<u>(3,551)</u>	<u>-</u>	<u>(4,018)</u>
Net assets, beginning of year	<u>29,532</u>	<u>4,653</u>	<u>34,652</u>
Net assets, end of year	<u><u>\$ 25,981</u></u>	<u><u>\$ 4,653</u></u>	<u><u>\$ 30,634</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, 2011

Schedule 4

	General		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Federal government	\$ -	\$ -	\$ -
State of North Carolina	8,000	8,000	-
Local governmental agencies and membership dues	54,860	65,641	10,781
Private	32,326	52,043	19,717
In-kind	-	-	-
Interest income	-	561	561
Other	14,900	7,440	(7,460)
Total revenue	<u>110,086</u>	<u>133,685</u>	<u>23,599</u>
Expenditures:			
Local services	102,086	162,858	(60,772)
Host for Regional Brownfields Representative	8,000	8,000	-
ARC Administrative Assistance	-	-	-
Economic Development Administration	-	-	-
State Technical Assistance	-	-	-
ARRA AdvantageWest Energy Fellow	-	-	-
HUD-OSHC Livable Communities Initiative	-	-	-
USDA Marshall Economic Recovery RLF	-	-	-
ARRA-USFS, Forest Products Cooperative Marketing	-	-	-
CDBG Grantwriting	-	-	-
CDBG Henderson Co SBE	-	-	-
CDBG Transylvania Co SBE	-	-	-
Gaia Herbs, Technical Assistance for CDBG Bldg Reuse	-	-	-
EPA BF Revolving Loan Funds	-	-	-
EPA Regional Brownfields Initiative RLF Administration	-	-	-
ARRA-EPA BF RLF Supplemental	-	-	-
NCRC-EIG III Energy Economy	-	-	-
ARC I Energy	-	-	-
A-B Tech, DOE, Business Surveys	-	-	-
NCRC Innovation Grant Energy/Fuels	-	-	-
EDA Short-Term Planning EECBG	-	-	-
City of Asheville, BF Technical Assistance	-	-	-
Brownfields Conference Fund-Raising	-	-	-
EPA Brownfields Assessment #4	-	-	-
ZSR-Linking Lands and Communities	-	-	-
NARC-Regional Center of Excellence-Linking Lands & Communities	-	-	-
BRNHA-LLC Outreach & Training	-	-	-
PRF-Mountain Ridge & Steep Slope Protection	-	-	-
Wildlife Conservation Society - Green Growth Toolbox	-	-	-
ARC Housing 10/1/10-9/30/11 FY 10 #701	-	-	-
Straight Pipe Elim Funding Admin #2	-	-	-
Straight Pipe Elim Funding Admin #3	-	-	-
ARRA-CDBGRegional Administration	-	-	-
ARRA-CDBGRegional Implementation	-	-	-

Special Revenue			
Budget	Actual	Variance	Positive
		(Negative)	
\$ 9,591,950	\$ 6,696,558	\$ (2,895,392)	
2,681,446	2,369,192	(312,254)	
924,113	871,943	(52,170)	
161,714	74,144	(87,570)	
773,299	450,020	(323,279)	
-	11	11	
4,000	31,936	27,936	
<u>14,136,522</u>	<u>10,493,804</u>	<u>(3,642,718)</u>	
-	-	-	
-	-	-	
140,460	94,178	46,282	
80,334	76,421	3,913	
22,918	22,918	-	
41,909	33,465	8,444	
1,178,020	147,833	1,030,187	
29,994	-	29,994	
1,792,639	1,513,459	279,180	
3,500	5,758	(2,258)	
4,746	4,746	-	
1,482	1,482	-	
4,987	4,987	-	
612,210	-	612,210	
75,688	11	75,677	
529,719	166,624	363,095	
177,500	117,468	60,032	
100,000	39,448	60,552	
13,776	5,411	8,365	
48,993	48,992	1	
60,579	53,310	7,269	
83,417	53,502	29,915	
11,456	8,826	2,630	
315,908	315,908	-	
9,154	9,154	-	
7,500	7,500	-	
12,950	8,775	4,175	
3,851	2,717	1,134	
47,771	49,182	(1,411)	
6,750	5,856	894	
6,088	6,088	-	
59,939	35,703	24,236	
3,192	2,470	722	
153,745	110,213	43,532	

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, 2011

	<u>General</u>		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
USDA Rural Community Development	-	-	-
Match for USDA Rural Community Development	-	-	-
CDBG-Madison Co Scattered Site	-	-	-
CDBG-Madison Co ScSite Service Delivery	-	-	-
ARRA-EECBG Madison Co Admin	-	-	-
CDBG-Mars Hill Urgent Needs	-	-	-
NCRC-Mars Hill, Clean Water Partners Supplemental	-	-	-
NCRC-Mars Hill, Clean Water Partners Suppl Ph II & III	-	-	-
ARRA EECBG Mars Hill Admin	-	-	-
CDBG-Marshall Infrastructure	-	-	-
NCRC-Marshall, Clean Water Partners Supplemental	-	-	-
NCRC-Marshall, Clean Water Partners Supp Ph II	-	-	-
CDBG-Brevard 2009 Housing Development	-	-	-
CDBG-Henderson County Technical Assistance	-	-	-
Subtotal Economic and Community Development	<u>110,086</u>	<u>170,858</u>	<u>(60,772)</u>
Buncombe Co Supplemental Funds for Aging Services	-	-	-
CareLink	-	-	-
Mission Foundation - Fall Prevention	-	-	-
Aging-MIPPA(Medicare Improvements for Patients & Providers Act)	-	-	-
Aging - MIPPA II	-	-	-
Buncombe Co Aging Plan	-	-	-
Aging - Planning	-	-	-
SB1559 Aging Funds - P&A	-	-	-
Aging - Health Promotions	-	-	-
Aging-Health Assessment	-	-	-
Active Aging Week	-	-	-
Aging-Community Resource Connection, II (Implementation)	-	-	-
Aging-OLTS/CRC, MIPPA,Options,Local Agency	-	-	-
Aging - Services	-	-	-
Aging-Sr Center GP & OR	-	-	-
Aging-Fan&Heat Relief	-	-	-
ARRA-Aging-Nutrition	-	-	-
Family Caregiver Support	-	-	-
FCSP event	-	-	-
AOA-UNC-CH - Alzheimer's Network	-	-	-
ARRA-DAAS-CDSMP	-	-	-
ARRA-DAAS-CDSMP, Yr 2	-	-	-
Regional Ombudsman	-	-	-
Elder Abuse	-	-	-
Sr Community Service Experience Program	-	-	-
SCSEP, Opportunity	-	-	-
Volunteer Svcs Fund-raising	-	-	-
RSVP FYE 12/31/10 FY 11 #570	-	-	-
RSVP FYE 12/31/11 FY 11 #571	-	-	-
FGP FY 7/1 - 6/30	-	-	-
Sr. Companion FYE 09/29/10 FY 11 #590	-	-	-
Sr. Companion FYE 09/29/11 FY 11 #591	-	-	-
Subtotal Human Service	<u>-</u>	<u>-</u>	<u>-</u>

Special Revenue		
Budget	Actual	Variance Positive (Negative)
34,600	33,291	1,309
50,700	35,085	15,615
5,927	2,915	3,012
5,215	5,215	-
13,494	13,494	-
6,040	4,366	1,674
7,602	5,790	1,812
10,450	228	10,222
2,000	107	1,893
11,834	1,817	10,017
8,415	6,571	1,844
12,500	-	12,500
17,557	17,551	6
-	695	(695)
<u>5,827,509</u>	<u>3,079,530</u>	<u>2,747,979</u>
570,611	570,661	(50)
7,500	7,500	-
11,846	7,435	4,411
8,951	8,951	-
17,612	3,717	13,895
38,523	38,523	-
236,741	225,745	10,996
45,422	45,422	-
35,989	35,989	-
5,000	-	5,000
-	-	-
33,132	22,379	10,753
25,250	-	25,250
2,703,830	2,799,855	(96,025)
54,424	54,414	10
10,581	10,581	-
54,897	54,843	54
225,709	225,706	3
102	50	52
17,823	20,644	(2,821)
20,304	20,304	-
4,807	4,068	739
297,250	304,828	(7,578)
8,370	8,368	2
380,932	366,153	14,779
6,487	-	6,487
3,800	1,274	2,526
94,731	100,940	(6,209)
95,332	93,092	2,240
425,104	430,797	(5,693)
91,959	91,857	102
307,711	306,280	1,431
<u>5,840,730</u>	<u>5,860,376</u>	<u>(19,646)</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, 2011

	General		Variance Positive (Negative)
	Budget	Actual	
Clean Air Campaign	-	-	-
EPA-Reading, Riding and Retrofit	-	-	-
ARRA-Triangle J COG, Carolina Blue Skies	-	-	-
Congestion Mitigation & Air Quality	-	-	-
SAMI	-	-	-
Clean Vehicles Coalition	-	-	-
Mobile Education Center	-	-	-
NC DPPEA Solid Waste (banned waste)	-	-	-
NC DPPEA School Recycling	-	-	-
Town of Waynesville Solid Waste Technical Assistance	-	-	-
RUS 15 - Solid Waste 10/1/09 - 9/30/10	-	-	-
RUS 16 - Solid Waste (LGS) 10/1/10 - 9/30/11	-	-	-
DPPEA SWMTF WRP	-	-	-
DPPEA/WRP	-	-	-
WRP - A/B Water Quality	-	-	-
WRP-SEO Energy Management Mentoring	-	-	-
WRP - Private Contributions	-	-	-
WRP - Buncombe Co Mountain Mobility, Alternative Fuels	-	-	-
WRP - NCSU	-	-	-
ARRA WRP - AdvantageWest Energy Fellows Mentoring	-	-	-
WRP - Henderson Co Alternate Fuel Vehicles TA	-	-	-
RUS 15 - Solid Waste (WRP) 10/1/09 - 9/30/10	-	-	-
RUS 16 - Solid Waste (WRP) 10/1/10 - 9/30/11	-	-	-
WRP - NC Farm Bureau, Farm Energy Efficiency	-	-	-
SEO Energy Efficiency Audits Private Sector	-	-	-
WRP - Cherokee Foundation II	-	-	-
ARRA - WRP SEO Technical Assistance	-	-	-
ARC Water FYE 9/30/10 FY 11 #870	-	-	-
ARC Water FYE 9/30/11 FY 11 #871	-	-	-
TVA - Haywood Waterways Assoc-Stormwater Planning Riverweek	-	-	-
ARRA - DWQ 205j French Broad River Basin Planning	-	-	-
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	110,086	170,858	(60,772)
Revenues over (under) expenditures	-	(37,173)	(37,173)
Other financing sources (uses):			
Funds from Capital Lease	-	-	-
Gain (Loss) on Sale of Assets	-	752	-
Appropriated Fund Balance	172,492	172,637	-
Leasehold improvements	-	(169,600)	-
Transfers from (to) other funds	-	-	-
Net change in fund balances	\$ -	(33,384)	\$ (33,384)
Fund balances - beginning of year		737,860	
Fund balances - ending of year		\$ 704,476	

Special Revenue		
Budget	Actual	Variance Positive (Negative)
5,250	-	5,250
693,185	350,626	342,559
55,000	20,144	34,856
50,116	7,960	42,156
467	467	-
113,542	113,542	-
10,138	809	9,329
6,449	6,449	-
15,000	15,000	-
-	61	(61)
13,750	13,750	-
38,853	35,813	3,040
20,000	20,000	-
20,000	20,000	-
15,000	15,000	-
174,400	155,531	18,869
4,571	1,771	2,800
3,500	-	3,500
20,000	6,000	14,000
26,520	6,454	20,066
9,240	1,529	7,711
12,832	12,832	-
42,853	38,853	4,000
39,750	1,330	38,420
1,522	761	761
9,538	9,538	-
159,576	139,161	20,415
4,509	4,509	-
13,875	2,886	10,989
3,408	4,558	(1,150)
5,367	8,148	(2,781)
19,301	15,545	3,756
<u>1,607,512</u>	<u>1,029,027</u>	<u>578,485</u>
104,625	104,625	-
122,465	81,657	40,808
256	-	256
<u>633,425</u>	<u>338,589</u>	<u>294,836</u>
<u>860,771</u>	<u>524,871</u>	<u>335,900</u>
<u>14,136,522</u>	<u>10,493,804</u>	<u>3,642,718</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Revenues and Expenditures by Type -
All Governmental Funds
For the Year Ended June 30, 2011

Schedule 5

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal government	\$ -	\$ 6,696,558	\$ 6,696,558
State of North Carolina	8,000	2,369,192	2,377,192
Local governmental agencies and membership dues	65,641	873,246	938,887
Private	52,043	80,940	132,983
In-kind	-	450,020	450,020
Interest income	561	11	572
Miscellaneous	7,440	31,936	39,376
Total revenue	<u>133,685</u>	<u>10,501,903</u>	<u>10,635,588</u>
Expenditures:			
Personnel - direct	8,469	1,459,847	1,468,316
Personnel - indirect/field	-	6,723	6,723
Fringe benefits	(5,727)	571,211	565,484
Telephone and postage	675	11,568	12,243
Technology	-	975	975
Travel	3,963	106,605	110,568
Rent	1,650	3,481	5,131
Copier	-	9,800	9,800
Maintenance and repairs	427	3,048	3,475
Insurance (not payroll related)	1,213	5,031	6,244
Training and workshops	25	13,917	13,942
Supplies	2,241	34,828	37,069
Contractual	3,262	711,622	714,884
Dues and subscriptions	9,386	5,410	14,796
Printing	83	3,060	3,143
Advertising	1,000	13,552	14,552
Equipment	18,850	1,350	20,200
Usage allowance	-	7,235	7,235
Indirect	9,899	857,561	867,460
Other	21,991	23,706	45,697
	<u>77,407</u>	<u>3,850,530</u>	<u>3,927,937</u>
Debt service:			
Debt service - principal	38,932	-	38,932
Debt service - interest	44,360	-	44,360
	<u>83,292</u>	<u>-</u>	<u>83,292</u>
Other:			
In-kind	-	450,020	450,020
Loans-Revolving Loan Fund	9,044	-	9,044
Subcontracted/pass-through	1,114	6,201,353	6,202,467
	<u>10,158</u>	<u>6,651,373</u>	<u>6,661,531</u>
Total expenditures	<u>170,857</u>	<u>10,501,903</u>	<u>10,672,760</u>
Revenues over (under) expenditures	<u>(37,172)</u>	<u>-</u>	<u>(37,172)</u>
Other financing sources (uses):			
Gain (Loss) on sale of assets	752	-	752
Appropriated fund balance	172,637	-	172,637
Leasehold improvements	(169,600)	-	(169,600)
Transfers from (to) other funds	-	-	-
	<u>3,789</u>	<u>-</u>	<u>3,789</u>
Net change in fund balances	<u>\$ (33,383)</u>	<u>\$ -</u>	<u>\$ (33,383)</u>

COMPLIANCE SECTION

Elizabeth Keel, pllc

CERTIFIED PUBLIC ACCOUNTANT

60 Ravenscroft Drive, Asheville, North Carolina 28801, (828) 254-1700

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, 2011, which collectively comprise the Land of Sky Regional Council basic financial statements, and have issued our report thereon dated November 19, 2011. 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

Elizabeth Keel, pllc
Certified Public Accountants
November 19, 2011

Elizabeth Keel, PLLC

CERTIFIED PUBLIC ACCOUNTANT

60 Ravenscroft Drive, Asheville, North Carolina 28801, (828) 254-1700

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 on each of its major Federal programs for the year ended June 30, 2011. 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, 2011.

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 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

Elizabeth Keel, PLLC
Certified Public Accountants
November 19, 2011

Elizabeth Keel, pllc

CERTIFIED PUBLIC ACCOUNTANT

60 Ravenscroft Drive, Asheville, North Carolina 28801, (828) 254-1700

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, 2011. 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, 2011.

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 State 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

Elizabeth Keel, pllc
Certified Public Accountants
November 19, 2011

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

		Federal CFDA Number	Pass-Through Grantor Number
U.S. Dept of Agriculture:			
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 2009-2010	840/860	10.762	380110561024369-18
Solid Waste Management Program 2010-2011	841/861	10.762	380110561024369-20
Passed through NC Department of Health and Human Services			
Food Distribution Program	520	10.570	NC-77
Passed through National Association of Regional Councils			
Regional Centers of Excellence	688	10.689	
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	430/431	11.302	04-83-06128
Clean Energy Planning Grant (other match reported NC RC#663 & SEO #865)	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
Contracted with AdvantageWest Economic Development Group			
ARRA-AdvantageGreen Energy Internships and Fellowships Program	461/858	81.041	DE-EE0000157
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
Contracted with Madison County			
ARRA-Madison County Energy Efficiency Community Block Grant	733	81.128	DE-EE0000771
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	10AANCT3SP
Title III--B	520	93.044	10AANCT3SP
Title III--B Legal	520	93.044	10AANCT3SP
Title III--B Ombudsman	550	93.044	10AANCT3SP
ARRA-Congregate Nutrition	523	93.707	
Title III--C1	510/520	93.045	10AANCT3SP
Title III--C2	520	93.045	10AANCT3SP
Title IIIIF - Preventive Health 90%	513	93.043	10AANCT3SP
Total Aging Cluster			

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
\$ 33,291	\$ -	\$ 25,085	\$ 58,376
1,513,459	-	-	1,513,459
26,582	-	-	26,582
74,666	-	-	74,666
99,082	-	-	99,082
7,500	-	-	7,500
<u>1,754,580</u>	<u>-</u>	<u>25,085</u>	<u>1,779,665</u>
59,500	-	16,921	76,421
<u>53,310</u>	<u>-</u>	<u>-</u>	<u>53,310</u>
<u>112,810</u>	<u>-</u>	<u>16,921</u>	<u>129,731</u>
139,161	-	-	139,161
39,919	-	-	39,919
20,144	-	-	20,144
81,657	-	-	81,657
13,494	-	-	13,494
<u>294,375</u>	<u>-</u>	<u>-</u>	<u>294,375</u>
63,305	48,891	44,175	156,371
677,095	1,119,102	570,661	2,366,858
53,029	3,119	-	56,148
122,138	90,176	29,435	241,749
51,799	3,047	-	54,846
369,434	21,387	-	390,821
117,792	270,901	-	388,693
30,591	1,799	3,528	35,918
<u>1,485,183</u>	<u>1,558,422</u>	<u>647,799</u>	<u>3,691,404</u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

		Federal CFDA Number	Pass-Through Grantor Number
U.S. Department of Health & Human Services (continued):			
Title III--E	510/511	93.052	10AANCT3SP
Title VII-B, Elder Abuse	551	93.041	10AANCT7SP
Title VII-E, Ombudsman	550	93.042	10AANCT7SP
ARRA-Chronic Disease Self-Management Program	543/544	93.725	90RA0041/01&02
Community Resource Connections, Aging and Disability Resource Center	517	93.779	NP-07
Family Caregiver Support	530	93.052	10AANCT3SP
SSBG-Respite Grant	520	93.667	
OLTS Systems Transformation CARELINK	504	93.779	1LQCMS300077
MIPPA (Medicare Enrollment Assistance Program) AOA	506/507	93.071	09AANCMIPP
MIPPA (Medicare Enrollment Assistance Program) CMS	507	93.779	1YOCMS030364/01
Total U.S. Department of Health & Human Services			
U.S. Administration on Aging, Passed through UNC-Chapel Hill			
Linkages in Support of Persons with Alzheimer's Disease	532	93.051	5-51710
U.S. Department of Housing and Urban Development:			
GroWNC, Office of Sustainable Housing & Communities	600	14.703	NCRIP0028-10
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
WNC Housing Partnership	727	14.228	
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, 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 the Interior, National Park Service:			
Passed through Blue Ridge National Heritage Area, Inc			
Green Infrastructure Outreach & Planning, Linking Lands & Communities	690	15.409	
U.S. Department of Labor:			
Passed through N.C. Dept of Health and Human Services,			
Senior Community Service Experience Program	560/561	17.235	
Appalachian Regional Commission:			
2010 ARC Administrative Grant	420/440	23.009	NC-706-B-C37
2011 ARC Administrative Grant	421/440	23.009	NC-706-B-C38
Building Clean Energy Economy in Western North Carolina	661	20.009	NC-16543-2010
2009-2010 ARC Housing Specialist	700	23.011	CWP-10-B
2010-2011 ARC Housing Specialist	701	23.011	CWP-11-B
2009-2010 Watershed Protection TAP	870	23.011	CWP-10-B
2010-2011 Watershed Protection TAP	871	23.011	CWP-11-B
Total Appalachian Regional Commission			

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
18,180	996	-	19,176
7,114	418	824	8,356
52,143	3,067	1,137	56,347
24,372	-	-	24,372
22,379	-	-	22,379
211,599	14,107	-	225,706
154,656	4,419	-	159,075
7,500	-	-	7,500
10,763	-	-	10,763
1,905	-	-	1,905
<u>1,995,794</u>	<u>1,581,429</u>	<u>649,760</u>	<u>4,226,983</u>
<u>\$ 17,824</u>	<u>\$ -</u>	<u>\$ 2,820</u>	<u>\$ 20,644</u>
93,001	-	-	93,001
112,683	-	-	112,683
7,000	-	-	7,000
17,551	-	-	17,551
4,746	-	-	4,746
8,130	-	-	8,130
4,366	-	-	4,366
1,817	-	-	1,817
1,482	-	-	1,482
<u>250,776</u>	<u>-</u>	<u>-</u>	<u>250,776</u>
<u>7,112</u>	<u>-</u>	<u>-</u>	<u>7,112</u>
<u>328,060</u>	<u>-</u>	<u>36,451</u>	<u>364,511</u>
40,558	11,459	29,099	81,116
17,990	11,459	6,531	35,980
39,448	-	-	39,448
<u>97,996</u>	<u>22,918</u>	<u>35,630</u>	<u>156,544</u>
-	-	-	-
5,886	-	-	5,886
4,509	-	-	4,509
2,886	-	-	2,886
<u>111,277</u>	<u>22,918</u>	<u>35,630</u>	<u>169,825</u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

	Federal CFDA Number	Pass-Through Grantor Number
U.S. Department of Transportation, Federal Highway Administration:		
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	570	94.002 09SRSNC002
Retired Senior Volunteer	571	94.002 09SRSNC002
Foster Grandparent/Senior Companion Cluster		
2009 Foster Grandparent	586	94.011 08SFSNC001
2009-2010 Senior Companion Program	590	94.016 09SCSNC004
2009-2010 Senior Companion Program	591	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 Economy om WNC	660	2010-310-30301-117
Planning and Entrepreneurship-Clean Energy Future	663	2008-178-30301-107
State Programs, continued:		
NC Department of Commerce, State Energy Office		
Clean Vehicles Coalition	821	09-TRN-CM1
NC Statewide Energy Management Mentoring for Public Sector	854	11-USI-LH1
Energy Efficiency for Private Organizations in WNC	865	09-BLD-RC1

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
7,959	-	-	7,959
<u>270,871</u>	<u>-</u>	<u>59,277</u>	<u>330,148</u>
<u>278,830</u>	<u>-</u>	<u>59,277</u>	<u>338,107</u>
210,702	-	-	210,702
166,624	-	-	166,624
-	-	11	11
-	-	-	-
313,838	-	-	313,838
-	-	-	-
15,545	-	-	15,545
<u>53,502</u>	<u>-</u>	<u>-</u>	<u>53,502</u>
<u>760,211</u>	<u>-</u>	<u>11</u>	<u>760,222</u>
68,675	-	10,300	78,975
<u>65,623</u>	<u>-</u>	<u>10,301</u>	<u>75,924</u>
134,298	-	20,601	154,899
372,188	3,600	-	375,788
65,618	14,442	175	80,235
<u>211,686</u>	<u>57,459</u>	<u>17,219</u>	<u>286,364</u>
<u>277,304</u>	<u>71,901</u>	<u>17,394</u>	<u>366,599</u>
<u>783,790</u>	<u>75,501</u>	<u>37,995</u>	<u>897,286</u>
-	5,790	-	5,790
-	6,571	-	6,571
-	117,467	-	117,467
-	45,017	-	45,017
<u>-</u>	<u>174,845</u>	<u>-</u>	<u>174,845</u>
-	113,542	-	113,542
-	155,531	-	155,531
<u>-</u>	<u>761</u>	<u>-</u>	<u>761</u>
<u>-</u>	<u>269,834</u>	<u>-</u>	<u>114,303</u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

	Federal CFDA Number	Pass-Through Grantor Number
NC Department of Environment and Natural Resources		
Division of Environmental Health, Wastewater Discharge		
Elimination Program, Deferred Loan/Grant Program	716/717	3376
Division of Pollution Prevention & Environmental Assistance		
Waste Reduction Partners	850/851	1264
Recycling Technical Assistance to Generators of Materials Banned from Landfi	832	2374
School Recycling Programs in LOSRC Region	833	3316
NC Brownfields Program Partnership for WNC	406	2275
NCSU-Industrial Extension Service		
Energy Audits	857	14689
NC Department of Health and Human Services		
Senior Center Development	521	NC-77
Fan/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>
-	41,792	-	41,792
-	40,000	-	40,000
-	6,449	-	6,449
-	15,000	-	15,000
-	8,000	-	8,000
-	6,000	-	6,000
-	117,241	-	117,241
-	40,816	-	40,816
-	10,581	-	10,581
-	51,397	-	51,397
-	83,700	20,925	104,625
<u>\$ 6,695,439</u>	<u>\$ 2,376,865</u>	<u>\$ 884,875</u>	<u>\$ 9,801,648</u>

LAND-OF-SKY REGIONAL COUNCIL

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2011

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 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
	SSBG - Respite	93.667
	Food Distribution	10.570
Council on Aging of Buncombe Co	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	\$ 440,535	\$ 686,558
NC-77	90,567	5,327
NC-77	31,668	72,832
09AANCC1RR	35,798	2,106
NC-77	96,106	2,746
NC-77	see below	-
	<u>694,674</u>	<u>769,569</u>
NC-77	16,147	-
NC-77	18,748	1,250
	7,400	
NC-77	-	3,241
	<u>42,295</u>	<u>4,491</u>
NC-77	<u>14,182</u>	<u>-</u>
NC-77	<u>-</u>	<u>24,490</u>
NC-77	<u>-</u>	<u>4,082</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
	SSBG - Respite	93.667
	Food Distribution	10.570
Henderson Co Council on Aging	Family Caregiver, Title III-E	93.052
	Food Distribution	10.570
	Fan/Heat Relief	N/A
Mountain Home Care	Family Caregiver, Title III-E	93.052
Pardee Pavilion	Family Caregiver, Title III-E	93.052
Park Ridge Health Systems	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
	SSBG - Respite	93.667
	Food Distribution	10.570
	MIPPA	93.071
	Family Caregiver, Title III-E	93.052
	Senior Center Development	N/A
Fan/Heat Relief	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
	SSBG - Respite	93.667
	Food Distribution	10.570
	MIPPA	93.071
	Family Caregiver, Title III-E	93.052
Park Ridge Health Systems	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**

<u>Number</u>	<u>Federal</u>	<u>State</u>
NC-77	\$ 196,291	\$ 258,411
NC-77	21,177	1,246
NC-77	74,539	171,427
09AANCC1RR	13,076	769
NC-77	29,732	850
NC-77	see below	-
	<u>334,815</u>	<u>432,703</u>
NC-77	3,879	259
NC-77	44,280	
NC-77		5,524
	<u>48,159</u>	<u>5,783</u>
NC-77	<u>3,745</u>	<u>250</u>
NC-77	<u>10,312</u>	<u>688</u>
NC-77	<u>5,561</u>	<u>371</u>
NC-77	39,265	64,869
NC-77	84,667	4,980
NC-77	8,422	19,369
09AANCC1RR	2,859	168
NC-77	8,960	256
NC-77	15,550	-
	747	
NC-77	7,875	525
NC-77	-	8,134
NC-77	-	400
	<u>168,345</u>	<u>98,701</u>
NC-77	54,033	112,384
NC-77	87,565	5,151
NC-77	3,163	7,273
09AANCC1RR	63	4
NC-77	19,857	567
NC-77	see below	-
	500	
NC-77	<u>15,098</u>	<u>1,007</u>
	<u>180,279</u>	<u>126,386</u>
NC-77	<u>18,751</u>	<u>1,250</u>
NC-77		1,416
NC-77	-	4,082
NC-77	<u>9,699</u>	-
	<u>9,699</u>	<u>5,498</u>

State Awards

Internal control over major state programs:

Material weakness(es) identified: yes no

Significant deficiencies identified that are not considered to be material weaknesses: yes 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 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, 2011

2010

There were no findings for the year ending 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.