



FINANCIAL STATEMENTS
Year Ended June 30, 2012

Land-of-Sky Regional Council
Asheville, North Carolina
Council Members
June 30, 2012

<u>Name</u>	<u>Position</u>	<u>Jurisdiction</u>	<u>Position</u>
Jason Chappell	Chair	Transylvania	County Commissioner
Terry Bellamy	1 st Vice Chair	Asheville	Mayor of the City of Asheville
Holly Jones	2 nd Vice Chair	Buncombe	County Commissioner
Bob Davy	Secretary	Henderson	Fletcher Councilman
Debbie Ponder	Treasurer	Madison	County Commission Chair

Executive Committee

Bill O'Connor	At-Large	Henderson	County Commissioner
Letta Jean Taylor	At-Large	Montreat	Mayor of the Town of Montreat

Council Primary Members

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

Council Secondary Members

Denise Braine	Buncombe	
Cecil Bothwell	Buncombe	Asheville
Fran Cogburn	Buncombe	Biltmore Forest
Margaret Tuttle	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
Ron Davis	Henderson	Flat Rock
Eddie Fox	Madison	
Kenny Ramsey	Madison	Hot Springs
Daryhl Boone	Madison	Mars Hill
Billie Jean Haynie	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
Sarah Nunez	Henderson

Economic Development Representatives

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

Program Representatives

Charles Dickens, Aging
Kathe Harris, Volunteer Services

LAND-OF-SKY REGIONAL COUNCIL
Table of Contents
June 30, 2012

Exhibits		Page
	Financial Section	
	Independent Auditor’s Report	1-2
	Management’s Discussion and Analysis	3-10
	Basic Financial Statements:	
	Government-wide Financial Statements:	
Exhibit A	Statement of Net Assets	11
Exhibit B	Statement of Activities	12
	Fund Financial Statements:	
Exhibit C	Balance Sheet – Governmental Funds	13-14
Exhibit D	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15-16
Exhibit E	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General and Annually Budgeted Major Special Revenue Funds	17-18
Exhibit F	Statement of Fiduciary Net Assets – Fiduciary Funds	19
Exhibit G	Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	20
	Notes to the Financial Statements	21-34
	Schedules	
	Supplementary Information	
1	Schedule of Indirect Costs	35-38
2	Combining Statement of Fiduciary Net Assets – Fiduciary Funds- Agency Funds	39

<u>Schedules</u>		<u>Page</u>
3	Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds- Agency Funds	40
4	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – All Governmental Funds	41-48
5	Schedule of Revenues and Expenditures by Type – All Governmental Funds	49
 Compliance Reports		
	Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50-51
	Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	52-53
	Report on Compliance with Requirements Applicable to Each Major State Program and Internal Controls Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act	54-55
6	Schedule of Expenditures of Federal and State Awards	56-65
7	Schedule of Findings and Questioned Costs	66-67
8	Summary Schedule of Prior Year Audit Findings	68

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 Delegates
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, 2012, 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, 2012, and the respective changes in net assets, 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 December 19, 2012 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.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Land-of-Sky Regional Council. The combining fund financial statements and schedules, budgetary schedules and other schedules, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining fund financial statements and schedules, budgetary schedules and other schedules, and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules, budgetary schedules and other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Elizabeth Keel, PLLC
Elizabeth Keel, PLLC
Certified Public Accountant
December 19, 2012

LAND-OF-SKY REGIONAL COUNCIL
Management's Discussion and Analysis
June 30, 2012

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, 2012. 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 \$726,320 (*net assets*).
- The Council's total net assets increased by \$62,160, 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 \$791,490, an increase of \$87,014 in comparison with the prior year. Of this amount \$84,823 is restricted by State statute. The remaining \$706,667 or approximately 89% 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.
- Award revenues increased \$2,931,684 as the Council begins to serve both government and nonprofit governmental organizations in its region. Workforce development is new to the Council during this year. However, the increases are the direct result of Council efforts to develop opportunities within each area of government: aging, transportation, economic development, and environmental protection.

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 G) 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 are included in this report. Refer to the table of contents.

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. Refer to the table of contents for a listing of schedules termed supplementary information and the related page numbers.

Government-Wide Financial Analysis

**Table 1
Condensed Statements of Net Assets
June 30, 2012 and 2011**

	Governmental Activities	
	2012	2011
Current assets	\$ 2,849,636	\$1,994,259
Capital assets	2,166,897	2,230,916
Total assets	5,016,533	4,225,175
Current liabilities	2,049,688	1,330,197
Long-term liabilities	2,240,524	2,230,818
Total liabilities	4,290,212	3,561,015
Net assets:		
Invested in capital assets, net of related debt	69,988	94,842
Restricted by State Statute	84,823	703,011
Unrestricted	571,509	(133,693)
Total net assets	\$ 726,320	\$ 664,160

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 \$726,320 as of June 30, 2012. The Council's net assets increased by \$62,160 for the fiscal year ended June 30, 2012. 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 \$571,509 (90.36%) is unrestricted.

Table 2
Condensed Statements of Activities
For the year ending June 30, 2012 and 2011

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$1,442,240	\$ 1,087,131
Operating grants and contributions	11,993,904	9,553,448
General Revenues		
Local governmental dues	63,935	65,641
Grants and contributions not restricted to specific programs	175,978	89,110
Miscellaneous revenue	11,442	7,440
Unrestricted investment earnings	294	561
Total revenues	<u>13,687,793</u>	<u>10,803,331</u>
Expenses:		
Governmental activities:		
Management and business operations	189,489	247,495
Economic and community development	2,844,886	2,989,477
Human services	5,643,271	5,862,801
Environmental protection	973,351	1,193,003
Workforce development	2,719,812	-
Transportation	1,254,824	449,626
Total expenses	<u>13,625,633</u>	<u>10,742,402</u>
Change in net assets	62,160	60,929
Beginning net assets	664,160	603,231
Net assets, June 30	<u>\$ 726,320</u>	<u>\$ 664,160</u>

Governmental activities

Governmental activities increased the Council's net assets by \$87,014.

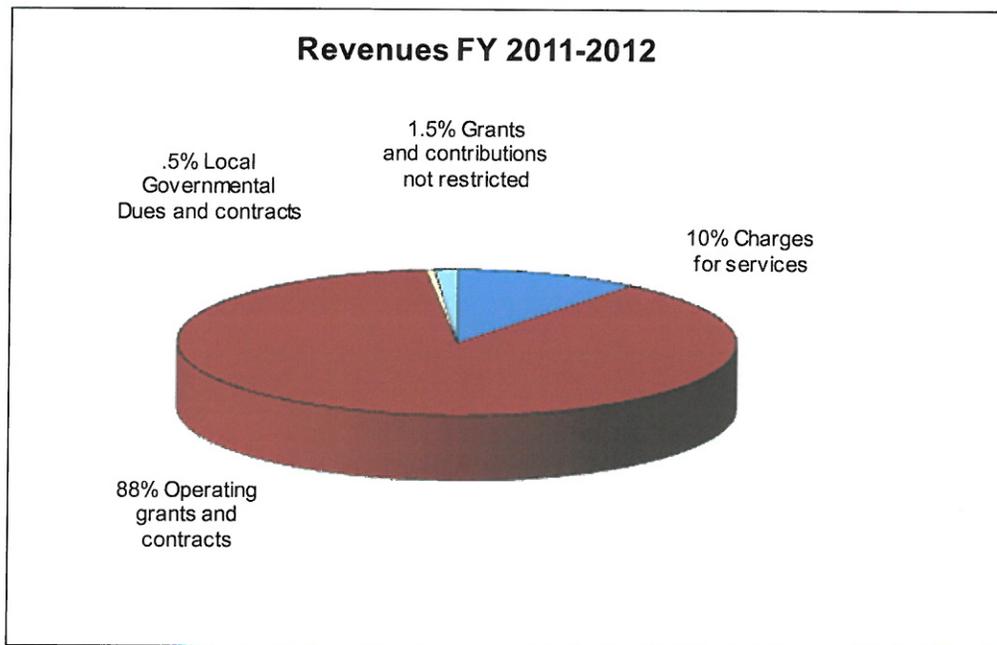
The current year increase is the result of costs incurred in prior years to improve and expand its facility, to support economic development activities and work with member governments in its region. The Council has increased the services it provides to member governments and other organizations in its region, not only in the area of workforce development but in all areas of government.

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.

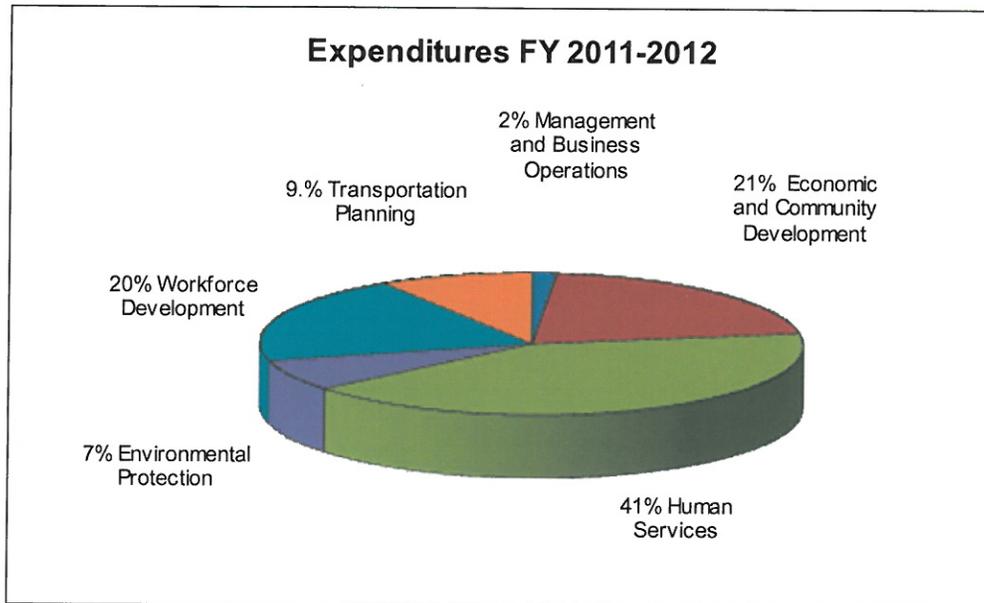
Governmental Funds

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 \$791,490 of which, \$84,823 is stabilized by state statute. 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 10.72% 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, 2012 the governmental funds of the Council reported a total combined fund balance of \$791,490 representing a 12.35% increase over last year.



The Council has expanded its areas of services to include Workforce Development programs in cooperation with local government. This expansion explains the majority of the increases in operating grant revenues.

The Council's continued work in the area of economic development as that work relates to programs in the areas of environmental protection and transportation planning explains the majority of the increases in charges for services.



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 \$20,196. However, amendments to the Special Revenue Fund increased revenues \$4,722,980. Significant disbursements of federal and state awards are as follows: Economic and Community Development Services - \$2,950,340, Human Services - \$5,661,490, Environmental Protection Services - \$942,600, Workforce Development - \$2,719,130 and Transportation Planning Services - \$1,164,240.

Capital Asset and Debt Administration

Capital assets. The Council's capital assets for all governmental-type activities as of June 30, 2012, totals \$2,166,896 net of accumulated depreciation. These assets include office space and leasehold improvements, a hybrid car, office and computer equipment and software.

Table 3
Summary of Capital Assets
(Net of Depreciation)
As of June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Completed office space	\$ 2,077,285	\$2,165,089
Vehicle	1,815	5,455
Administrative equipment	87,796	60,368
Total	\$ 2,166,896	\$2,230,912

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, 2012 and 2011

Capital leases	Governmental	
	Activities	
	2012	2011
General office equipment	\$ 10,107	\$ 21,351
Office space	2,086,801	2,114,723
Total capital leases	\$ 2,096,908	\$ 2,136,074

As of June 30, 2012, the outstanding debt of the Council consisted of \$2,086,801 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 July 2011, the Council added the Mountain Area Workforce Development Board to its scope of work, providing more than \$2.7 million in services for job training, workforce development, and services to adults, dislocated workers and youth in our Land-of-Sky Region. Federal Workforce Investment Act funds are invested in career development and job search assistance throughout the four county Region. These programs, while housed on A-B Tech campus, have included the transfer of employment of 10 staff from Buncombe County and the addition of 4 new staff positions during the first year.
- Also, in July 2011, the Council began contracted services for Buncombe County Transportation Planning and administrative services for Mountain Mobility. Along with the almost \$300,000 reimbursement contract for Mountain Mobility administration, an additional \$335,000 passed through the Council as payment for Buncombe County transportation services within the County.

Both of these new areas of service are continuing with comparable budget impacts during FY 2013, as well as additional components such as the merging of the State Departments for the Employment Security Commission with Workforce Development into the Department for Workforce Solutions and the Mountain Mobility implementation of the RIDE (Ridership Independence for the Disabled and Elderly) voucher program for Buncombe County, under a New Freedom Transportation grant.

- The Council, as a part of the NC Association of Regional Councils, is working together with the 15 other regional councils on North Carolina Tomorrow. This initiative develops the State’s Strategy for Economic Development based on economic development planning best practices and uses regional comprehensive economic development strategies as a foundation for North Carolina

to move forward in a new economy while building communities that make a real difference in the lives of their residents. Funding for North Carolina Tomorrow comes from US EDA and NC Department of Commerce, Division of Community Investment.

- 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 2013 continues to be reduced and is now \$20,506, less than 35% of FY 2008 appropriation.
- The Council will be housing Project CARE, Caregivers' Alternatives to Running on Empty, effective January 1, 2013. This includes \$205,000 for Program Support and almost \$120,000 in direct respite services in areas throughout Western North Carolina.
- In collaboration with AdvantageWest, the Council has begun the WNC AgriVentures – Cultivating Jobs and Innovation Project, a \$1.6 million project designed to increase job creation, innovation and wealth and resource retention across rural Western North Carolina's historically agriculture based economy.
- 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. Now in its second full year, planning progress is on track with goals and benchmarks.
- A search for a new Executive Director is in process, with Danna Stansbury, Deputy Director, serving as interim Executive Director. The Council's Executive Committee has begun planning to fill the role that Joe McKinney had so successfully performed over the last ten years. With Mr. McKinney's appointment as Executive Director for NADO, National Association of Development Organizations, we have a secure advocate in Washington, D.C. committed to regionalism and the success of Land-of-Sky Regional Council's mission.

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, 2012

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 1,610,218
Due from other governments	
Accounts and notes receivable	1,239,418
Prepaid items	
Total current assets	<u>2,849,636</u>
Capital assets, net of depreciation	
Office space and related improvements, net	2,077,285
Equipment and vehicles, net	89,611
	<u>2,166,896</u>
Total assets	<u>\$ 5,016,532</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 1,015,005
Deferred award revenue	768,454
Accrued liabilities	195,954
Current portion of obligations under capital leases	70,275
Total current liabilities	<u>2,049,688</u>
Noncurrent liabilities	
Noncurrent portion of obligations under capital leases	2,026,633
Accrued vacation	213,891
Total noncurrent liabilities	<u>2,240,524</u>
Net assets	
Invested in capital assets, net of related debt	69,988
Restricted by State Statute	84,823
Unrestricted	571,509
Total net assets	<u>\$ 726,320</u>

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

**Balance Sheet - Governmental Funds
For the Year Ended June 30, 2012**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>Assets</u>			
Assets:			
Cash and investments	\$ 878,693	\$ 731,525	\$ 1,610,218
Accounts receivable:			
Federal and state agencies	8,753	1,178,000	1,186,753
Local governmental agencies	-	45,876	45,876
Other	2,462	4,327	6,789
Note receivable from revolving loan program	-	-	-
Due from Special Revenue Fund	73,608	-	73,608
Prepaid items	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 963,516</u>	<u>\$ 1,959,728</u>	<u>\$ 2,923,244</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 56,137	\$ 983,900	\$ 1,040,037
Accrued salaries	227	170,695	170,922
Accrued leave	78,733	-	78,733
Unearned revenue	36,929	731,525	768,454
Due to General Fund	-	73,608	73,608
Total liabilities	<hr/> <u>172,026</u>	<hr/> <u>1,959,728</u>	<hr/> <u>2,131,754</u>
Fund balances:			
Unassigned fund balance	706,667	-	706,667
Assigned fund balance	-	-	-
Un Stabilized by State statute	84,823	-	84,823
Total fund balances	<hr/> <u>791,490</u>	<hr/> <u>-</u>	<hr/> <u>791,490</u>
Total liabilities and fund balances	<u>\$ 963,516</u>	<u>\$ 1,959,728</u>	<u>\$ 2,923,244</u>

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

LAND-OF-SKY REGIONAL COUNCIL

Exhibit C

**Balance Sheet - Governmental Funds
For the Year Ended June 30, 2012**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Ending fund balances - governmental funds			\$ 791,490
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,166,896
Some liabilities, including capital lease obligations are not due and payable in the current period and therefore are not reported in the funds.			(2,310,799)
Included in the total liabilities above, this amount of accrued leave is charged to programs during the current year.			78,733
Net assets of governmental activities			<u>\$ 726,320</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, 2012**

	Major Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal government	\$ -	\$ 8,886,467	\$ 8,886,467
State of North Carolina	8,000	2,308,200	2,316,200
Local governmental agencies	217,484	1,052,447	1,269,931
Local government membership dues	63,935	152,155	216,090
Private	21,546	22,651	44,197
In-kind	-	978,438	978,438
Interest income	294	54	348
Other	6,126	35,731	41,857
Total revenue	317,385	13,436,143	13,753,528
Expenditures:			
Management and Business Operations	228,655	-	228,655
Economic and Community Development	-	2,844,885	2,844,885
Human Services	-	5,643,271	5,643,271
Environmental Protection	-	973,351	973,351
Workforce Development	-	2,719,812	2,719,812
Transportation	-	1,254,824	1,254,824
Total expenditures	228,655	13,436,143	13,664,798
Revenues over (under) expenditures	88,730	-	88,730
Other financing sources (uses):			
Gain (Loss) on sale of assets	-	-	-
Appropriated fund balance	-	-	-
Leasehold improvements	(1,716)	-	(1,716)
Transfers from (to) other funds	-	-	-
	(1,716)	-	(1,716)
Net change in fund balances	87,014	-	87,014
Fund balances - beginning of year	704,476	-	704,476
Fund balances - ending of year	\$ 791,490	\$ -	\$ 791,490

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012**

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

Net change in fund balances - total governmental funds	\$	87,014
--	----	--------

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	66,546	
Depreciation expense for governmental assets	<u>(130,562)</u>	
		(64,016)

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.	39,166
---	--------

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

Loss on disposition of assets	<u>(4)</u>
Change in net assets of governmental activities	<u>\$ 62,160</u>

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

LAND-OF-SKY REGIONAL COUNCIL

**Statement of Revenues, Expenditures and Changes in Fund Balances
Annual Budget and Actual
General and Annually Budgeted Major Special Revenue Funds
For the Year Ended June 30, 2012**

	General			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal government	\$ -	\$ -	\$ -	\$ -
State of North Carolina	8,000	8,000	8,000	-
Local governmental agencies	77,282	112,742	217,484	104,742
Local government dues and fees	77,093	63,935	63,935	-
Private	28,500	26,394	21,546	(4,848)
In-kind	-	-	-	-
Interest income	300	300	294	(6)
Miscellaneous	17,450	17,450	6,126	(11,324)
Total revenue	<u>208,625</u>	<u>228,821</u>	<u>317,385</u>	<u>88,564</u>
Expenditures:				
Local award and administrative services	208,625	228,821	228,655	(166)
Economic and Community Development	-	-	-	-
Human Services	-	-	-	-
Environmental Protection	-	-	-	-
Workforce Development	-	-	-	-
Transportation	-	-	-	-
Total expenditures	<u>208,625</u>	<u>228,821</u>	<u>228,655</u>	<u>166</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>88,730</u>	<u>88,730</u>
Other financing sources (uses):				
Gain (Loss) on sale of capital assets	-	-	-	-
Appropriated Fund Balance	-	-	-	-
Cost of leasehold improvements	-	-	(1,716)	(1,716)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,716)</u>	<u>(1,716)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	87,014	<u>\$ 87,014</u>
Fund balances - beginning of year				
Fund balances - ending of year			<u>\$ 87,014</u>	

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

Special Revenue			
Budget			Variance with Final Budget Positive (Negative)
Original	Final	Actual	(Negative)
\$ 7,588,963	\$ 11,490,113	\$ 8,886,467	\$ (2,603,646)
2,251,899	2,560,916	2,308,200	(252,716)
927,384	851,367	1,052,447	201,080
	106,757	152,155	45,398
88,199	289,795	22,651	(267,144)
721,685	1,002,162	978,438	(23,724)
-		54	54
-	-	35,731	35,731
<u>11,578,130</u>	<u>16,301,110</u>	<u>13,436,143</u>	<u>(2,864,967)</u>
-	-	-	-
2,183,407	4,138,865	2,844,885	(1,293,980)
5,339,039	5,865,012	5,643,271	(221,741)
522,356	1,181,314	973,351	(207,963)
2,475,660	3,743,336	2,719,812	(1,023,524)
1,057,668	1,372,583	1,254,824	(117,759)
<u>11,578,130</u>	<u>16,301,110</u>	<u>13,436,143</u>	<u>(2,864,967)</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, 2012

	<u>Agency Funds</u>	<u>Private Purpose Trusts</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 30,201	\$ -
Accounts receivable	-	3,334
	<u>30,201</u>	<u>3,334</u>
<u>Liabilities</u>		
Accounts payable	-	1,534
<u>Net Assets</u>		
Held in trust for other purposes	<u>30,201</u>	<u>1,800</u>

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

LAND-OF-SKY REGIONAL COUNCIL

Exhibit G

Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Year Ended June 30, 2012

	<u>Private Purpose Trusts</u>
Additions	
Receipts	\$ 43,912
Deductions	
Pass-through expenses	<u>45,307</u>
Change in net assets	<u>(1,395)</u>
Net assets, beginning of year	<u>3,195</u>
Net assets, end of year	<u><u>\$ 1,800</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, 2012

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, 2012.

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, 2012 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 \$73,608 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, 2012, 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, 2012, 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, 2012, the Council's deposits had a carrying amount of \$994,712 and a bank balance of \$1,178,897. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

Cash on premises at year end totaled \$250.

Investments – At June 30, 2012, the Council had \$645,707 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, 2012, was as follows:

Summary of Capital Assets, net of depreciation

	Balance July 01, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activity:				
Capital assets being depreciated:				
Building	\$ 2,477,969.00	\$ 1,716	\$ -	2,479,685
Vehicles	21,815	-	-	21,815
Equipment	380,658	64,830	64,032	381,456
Total capital assets being depreciated	<u>2,880,442</u>	<u>66,546</u>	<u>64,032</u>	<u>2,882,956</u>
Less accumulated depreciation for:				
Building	312,880	89,520	-	402,400
Vehicles	16,360	3,637	-	20,000
Equipment	320,290	37,405	64,032	293,660
Total accumulated depreciation	<u>649,530</u>	<u>130,562</u>	<u>64,032</u>	<u>716,060</u>
Governmental activity capital assets, net	<u>\$ 2,230,912</u>	<u>\$ (64,016)</u>	<u>\$ -</u>	<u>\$ 2,166,896</u>
Depreciation was charged to governmental functions as follows:				-
Administration			123,652	
Aging			-	
Planning and Development			5,567	
Workforce Development			1,343	
			<u>\$130,562</u>	

B. Liabilities

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Council is required to contribute at an actuarially determined rate. The current rate is 12.99% of annual covered payroll of which the Council contributes 6.99% 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, 2012, 2011, and 2010 were \$161,502; \$112,399; and \$81,310 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, 2012, the Council made contributions to the State for death benefits of \$2,541. 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, 2012, the council’s expenditure was \$1,924.

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 traditional OPEB table is not applicable for Council OPEB disclosures as the Council has elected to fund OPEB benefits on a pay as you go basis, there were no OPEB obligations during the current year and the one eligible employee is not scheduled to retire in the coming fiscal year.

The Council does not have an annual OPEB cost nor does it record an annual OPEB obligation. The Council will record the OPEB obligation upon the retirement of the one eligible employee as OPEB costs will be incurred at that time.

Funded Status and Funding Progress. During the June 30, 2012 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 \$60,302; 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, 2012:

	General Fund	Special Revenue Fund
Unearned grants	<u>\$ 36,929</u>	<u>\$ 731,525</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:

	<u>Furniture & Equipment</u>	<u>Building</u>	<u>Totals</u>
Years Ending June 30,			
2013	\$ 10,494	\$ 146,101	\$ 156,595
2014	-	146,100	146,100
2015	-	146,101	146,101
2016	-	146,100	146,100
2017	-	146,101	146,101
2018 through 2033	-	2,460,845	2,460,845
	<u>10,494</u>	<u>3,191,348</u>	<u>3,201,842</u>
Less: interest	<u>(387)</u>	<u>(1,104,547)</u>	<u>(1,104,934)</u>
Present value of minimum lease payments	10,107	2,086,801	2,096,908
Less: current portion	<u>(10,107)</u>	<u>(60,168)</u>	<u>(70,275)</u>
Lease obligations, less current portion	<u>\$ -</u>	<u>\$ 2,026,633</u>	<u>\$ 2,026,633</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, 2012:

<u>Governmental Activity</u>	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>	<u>Current Portion Long Term Debt</u>
Capital lease, office space and leasehold improvements	\$ 2,114,723	\$ -	\$ 27,922	2,086,801	\$ 60,168
Capital lease, equipment	21,351	-	11,244	10,107	10,107
Capital lease, vehicle	-	-	-	-	-
Compensated absences	136,554	77,337	-	213,891	-
Total governmental activities	<u>\$ 2,272,628</u>	<u>\$ 77,337</u>	<u>\$ 39,166</u>	<u>\$ 2,310,799</u>	<u>\$ 70,275</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.	\$791,490
Less:	
Appropriated Fund Balance	-
Stabilized by State Statute	<u>84,823</u>
Remaining fund balance	<u>\$706,667</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.

INDIVIDUAL FUND SCHEDULES

LAND-OF-SKY REGIONAL COUNCIL

Schedule Of Indirect Costs

	FY 2012	FY 2012	FY 2012
	Total Indirect	A. Indirect	C. Indirect
	Actual Costs	Expenses specific	Expenses for all
		to	staff
		LOSRC Site	including MAWD
Total Indirect Annual Salaries	\$ 395,109	\$ 86,201	\$ 308,908
Total Indirect Fringe Benefits at 38.25 % of Salary(includes part-time with lower FB rate)	144,748	32,972	111,776
Professional Services	13,900	13,250	650
Travel (and training)	37,728	-	37,728
Occupancy costs (depreciation, interest expense, utilities & maintenance)	253,751	253,751	-
Operating Expense	207,801	108,562	99,239
Contribution to Occupancy Costs	-		
Total Indirect Expenditures	\$ 1,053,038	\$ 494,737	\$ 558,301

Total Personnel Costs	\$ 3,045,526
Less Total Indirect Salaries	(395,109)
Less Total Indirect Fringe Benefits	<u>(144,748)</u>
Total Direct Salaries and Total Direct Fringe Benefits	\$ 2,505,668
B. MAWD staff, offsite, not including Occupancy Costs	\$ 603,744
A. All other Direct staff	<u>1,901,924</u>
C. Total Direct Salaries and Total Direct Fringe Benefits	\$ 2,505,668

Indirect Rate Calculation

		LOSRC Site Specific	
A.	LOSRC Site Specific Indirect Expenditures	= \$ 494,737	26.0%
A.	Total Direct Salaries and Total Direct Fringe Benefits	= \$ 1,901,924	
		LOSRC & MAWD without Occupancy and Site Support	
C.	LOSRC & MAWD Indirect Expenditures	= \$ 558,301	22.3%
A.+ B.	Total Direct Salaries and Total Direct Fringe Benefits	= \$ 2,505,668	

A.+ C. Land-of-Sky Regional Council Indirect Rate	A.+ C.	48%
C. (LOSRC d/b/a) Mountain Area Workforce Development Indirect Rate	C.	22.3%

Note: LOSRC d/b/a Mountain Area Workforce Development is housed offsite, at Asheville-Buncombe Technical College and pays Occupancy costs and various Site Support Costs (receptionist, some IT, phone, copier, etc.) directly. These Costs, as a portion of Land-of-Sky Indirect Cost, do not apply to MAWD.

LAND-OF-SKY REGIONAL COUNCIL

Schedule of Fringe Benefits

	<u>FY 2012</u> <u>Actual Costs</u>
Total Annual Salaries	\$ 2,202,808
FICA	\$ 168,515
LGERS Retirement	153,976
Supplemental Retirement	88,112
Group Insurance	413,437
Other Post Employment Benefits	-
Holiday Leave *	-
Annual Leave *	-
Sick Leave *	-
Workers Comp **	8,781
Unemployment Insurance	9,896
Total Fringe Benefits	\$ 842,717

Fringe Benefit Rate Calculation *

Total Fringe Benefits	=	\$ 842,717	38.26%
Total Annual Salaries		\$ 2,202,808	

Total Annual Salaries	\$ 2,202,808
Total Fringe Benefits	842,717
Total Personnel Cost	\$ 3,045,526

***COG includes Holiday Pay, Annual Leave earned and Sick Leave taken in Annual Salaries as shown.**

**** Workers' Comp at base rate included in Indirect Operating Costs; additional premiums are charged direct to program.**

**Schedule of Indirect Costs
For the Year Ended June 30, 2012**

<u>Indirect costs allocated</u>	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
Local	410	2,544	973	1,688
Local Fundraising	412	2,055	867	1,339
ARC 2011	421	50,214	18,457	30,716
ARC 2012	422	1,482	567	983
EDA 2011, CEDS	431	18,277	6,656	9,816
EDA 2012, CEDS	432	11,304	27,661	6,496
State Technical Assistance	440	10,196	3,891	6,751
Brevard Plan	450	2,818	1,047	1,851
Fall Prevention	505	1,738	653	1,146
MIPPA-Relay for Extra Help	507/509	3,124	1,299	2,125
Aging - Planning	510	96,347	35,037	62,471
SB1559 Aging Funds P & A	511	22,336	8,307	14,779
Aging - Health Promotions	513	8,727	3,251	5,766
Family Caregiver Support	530	59,424	21,129	36,278
ARRA CDSMP-Yr 2	544	5,716	2,047	3,593
Buncombe Co Minority Health Collaboration	546	1,168	438	773
Regional Ombudsman	550	128,525	47,699	81,864
Elder Abuse	551	3,212	1,200	2,127
Senior Community Service Employment Progra	560	22,525	4,943	14,729
RSVP (1/1/11 - 3/31/12)	571	39,032	14,475	25,470
RSVP (4/1/12 - 3/31/13)	572	11,521	4,238	7,481
FGP	586	55,499	19,914	36,238
Senior Companion 9/30/10 - 9/29/11	591	18,983	7,110	12,558
Senior Companion 9/30/11 - 9/29/12	592	40,209	14,391	25,819
Liveable Communities Initiative	600	123,871	41,258	70,792
ARRA-USFS, WNC Forest Products Cooperati	620	28,796	10,802	15,663
CDBG Grantwriting	630	1,129	432	749
Brevard Grantwriting	631	1,485	506	882
Ingles Grant Administration	638	1,413	525	936
NCRC EIG III, Energy Economy	660	21,774	8,105	14,390
ARC Energy Phase 1	661	17,004	6,258	11,260
EDA Clean Energy in WNC	665	6,309	2,366	4,154
Brownfields Consulting, City of Asheville	670	15,081	5,695	8,644
Brownfields Conference 2007	680	39	15	26
BRNHA Heritage-Linking Lands & Communiti	690	7,445	1,879	2,921
PRF-Mountain Ridge Protection	691	151	56	53
NC Wildlife Resources Commission-Green Gro	697	2,012	725	1,295
ARC Housing (Fed Yr 2011)	701	949	363	630
ARC Housing (Fed Yr 2012)	702	1,166	557	766
ARRA - CDBG Regional Admin	723	353	134	234
ARRA-CDBG Regional Implementation	724	21,270	8,173	11,910
USDA Rural Dev Capacity Bldg	726	2,534	850	1,581
Match for 726, USDA Rural Dev Capacity Bldg	727	7,622	2,915	4,058
Madison Co CDBG-Scattered Site	731	1,179	404	691
ARRA-EECBG-Madison Admin	733	1,429	547	948
CDBG Mars Hill Infrastructure	741	750	245	538
NCRC Mars Hill Supplemental	742	834	319	553

continued

**Schedule of Indirect Costs
For the Year Ended June 30, 2012**

	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
Mars Hill Environmental Assessment	744	74	28	49
ARRA Mars Hill EECBG	746	711	247	431
CDBG Marshall	751	2,564	861	1,698
NCRC Marshall, Clean Water Partners Supplem	752	909	334	600
NCRC Marshall, Clean Water Ph II	754	2,035	804	1,347
CDBG-Brevard FrBrTerrace	760	3,276	1,232	2,169
CDBG-Brevard Cottages	761	6,494	2,418	3,225
CDBG-Henderson County PRN	771	854	311	563
Buncombe Co Fair Housing Plan Impl	780	6,448	2,447	3,270
Clean Air Campaign	800	154	26	79
EPA-Reading, Riding Retrofit	801	16,261	6,182	8,717
ARRA-Triangle J-Carolina Blue Skies	803	14,908	5,694	9,725
CCOG-Plugin Electric Vehicles - Mntn2Sea	805	26,600	7,089	14,471
Autogas Roadshow	806	1,976	731	1,308
CMAQ-DOT	810	15,834	5,669	8,682
Waynesville Solid Waste TA	834	4,289	399	2,834
RUS 16 Solid Waste, LGS	841	6,932	2,652	4,591
RUS 17 Solid Waste, LGS	842	13,535	4,049	8,870
DPPEA SWMTF WRP	850	2,308	883	1,487
DPPEA/WRP	851	1,453	556	964
WRP SEO Energy Mngmnt Mentoring	854	3,529	1,350	2,182
WRP-SEO Energy Fellow Mentoring	858	863	330	573
WRP-EPA Hospitality Industry	860	294	112	195
WRP-RUS 16	861	579	221	384
WRP-RUS 17	862	1,355	518	899
WRP-SEO-ARRA Technical Svcs	868	4,741	1,813	2,966
ARC Water TA 10/1/10-9/30/11	871	7,647	2,856	5,057
ARC Water TA 10/1/11-9/30/12	872	4,810	1,812	3,124
TVA-HWA Stormwater	876	98	34	65
Riverweek	880	1,119	470	738
DWQ-French Broad River Basin	881	420	161	279
RPO	900	45,461	17,389	31,885
ARRA-LEAP (DOE-City of Asheville)	913	58,586	20,353	35,287
DOT-Regional Bike Plan	920	38,444	13,486	23,713
Buncombe Co Mountain Mobility Admin	930	130,265	49,826	86,444
French Broad River MPO	952	157,514	56,703	100,975
WIA-Admin	210	137,783	53,574	42,410
WIA-Adult	220	111,655	40,198	34,372
WIA-Dislocated Worker	230	115,246	41,481	35,598
WIA-Rapid Response	231	3,840	1,283	1,189
WIA-Youth	240	46,148	15,142	14,303
WIA Incentives	250	28,116	9,278	8,789
Total indirect expense allocation		<u>\$ 1,807,699</u>	<u>\$ 710,382</u>	<u>\$ 1,053,038</u>

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

For the Year Ended June 30, 2012

	<u>CarolinaWest Inc</u>	<u>WNC Highway Corridors</u>	<u>Total Agency Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 25,548	\$ 4,653	\$ 30,201
Accounts receivable	-	-	-
	<u>25,548</u>	<u>4,653</u>	<u>30,201</u>
<u>Liabilities</u>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Assets</u>			
Held in trust for other purposes	<u>\$ 25,548</u>	<u>\$ 4,653</u>	<u>\$ 30,201</u>

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

For the Year Ended June 30, 2012

	<u>CarolinaWest Inc</u>	<u>WNC Highway Corridors</u>	<u>Agency Funds</u>
Additions			
Receipts	\$ 7,635	\$ -	\$ 7,635
Deductions			
Pass-through expenses	<u>8,068</u>	<u>-</u>	<u>8,068</u>
Change in net assets	<u>(433)</u>	<u>-</u>	<u>(433)</u>
Net assets, beginning of year	<u>25,981</u>	<u>4,653</u>	<u>30,634</u>
Net assets, end of year	<u><u>\$ 25,548</u></u>	<u><u>\$ 4,653</u></u>	<u><u>\$ 30,201</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, 2012

Schedule 4

	General		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal government	\$ -	\$ -	\$ -
State of North Carolina	8,000	8,000	-
Local governmental agencies and membership dues	176,677	281,419	104,742
Private	26,394	21,546	(4,848)
In-kind	-	-	-
Interest income	300	294	(6)
Other	17,450	6,126	(11,324)
Total revenue	<u>228,821</u>	<u>317,385</u>	<u>88,564</u>
Expenditures:			
Local services, including member government technical assistance	220,821	220,655	166
Host for Regional Brownfields Representative	8,000	8,000	-
ARC Administrative Assistance	-	-	-
Economic Development Administration	-	-	-
State Technical Assistance	-	-	-
CDBG-NC Tomorrow	-	-	-
ARRA AdvantageWest Energy Fellow	-	-	-
HUD-OSHC Livable Communities Initiative	-	-	-
ARRA-USFS, Forest Products Cooperative Marketing	-	-	-
CDBG Grantwriting	-	-	-
EPA BF Revolving Loan Funds	-	-	-
EPA Regional Brownfields Initiative RLF Administration	-	-	-
ARRA-EPA BF RLF Supplemental	-	-	-
NCRC-EIG III Energy Economy	-	-	-
ARC I Clean Energy Economy	-	-	-
A-B Tech, DOE, Business Surveys	-	-	-
EDA Short-Term Planning EECBG	-	-	-
ARC Clean Energy Economy Ph 2	-	-	-
Brownfields Conference Fund-Raising	-	-	-
BRNHA-LLC Outreach & Training	-	-	-
PRF-Mountain Ridge & Steep Slope Protection	-	-	-
PRF-Conservation Action Plan, Haywood LLC	-	-	-
Wildlife Conservation Society - Green Growth Toolbox	-	-	-
ARC Housing 10/1/10-9/30/11 FY 12 #701	-	-	-
ARC Housing 10/1/11-9/30/12 FY 12 #702	-	-	-
ARRA-CDBGRegional Administration	-	-	-
ARRA-CDBGRegional Implementation	-	-	-

Special Revenue		
Budget	Actual	Variance Positive (Negative)
\$ 11,490,113	\$ 8,886,467	\$ (2,603,646)
2,560,916	2,308,200	(252,716)
851,367	1,204,602	353,235
289,795	22,651	(267,144)
1,002,162	978,438	(23,724)
-	54	54
106,757	35,731	(71,026)
<u>16,301,110</u>	<u>13,436,143</u>	<u>(2,864,967)</u>
71,900	66,325	5,575
-	-	-
189,352	123,510	65,842
89,305	75,279	14,026
21,449	21,449	-
5,000	-	5,000
8,444	8,444	-
1,788,561	1,322,903	465,658
361,756	361,756	-
7,000	7,001	(1)
612,210	124,101	488,109
63,670	38,071	25,599
402,815	350,574	52,241
102,532	102,533	(1)
60,552	60,552	-
8,366	69	8,297
23,658	23,658	-
75,000	383	74,617
7,615	80	7,535
17,888	15,605	2,283
1,134	260	874
10,000	-	10,000
4,167	4,167	-
3,144	3,144	-
6,750	5,833	917
721	721	-
58,425	58,425	-

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, 2012

	General		Variance Positive (Negative)
	Budget	Actual	
USDA Rural Community Development	-	-	-
Match for USDA Rural Community Development	-	-	-
CDBG-Madison Co Scattered Site	-	-	-
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-Brevard Cottages	-	-	-
CDBG-Henderson County Technical Assistance	-	-	-
Subtotal Economic and Community Development	228,821	228,655	166
Buncombe Co Supplemental Funds for Aging Services	-	-	-
Mission Foundation - Fall Prevention	-	-	-
Aging - MIPPA II	-	-	-
Buncombe Co Aging Plan	-	-	-
Aging - MIPPA II, Year Two	-	-	-
Aging - Planning	-	-	-
SB1559 Aging Funds - P&A	-	-	-
Aging - Health Promotions	-	-	-
Aging-Health Assessment	-	-	-
Aging-Community Resource Connection, II (Implementation)	-	-	-
Aging-OLTS/CRC, MIPPA,Options,Local Agency	-	-	-
Aging-CRC, Local Agency	-	-	-
Aging - Services	-	-	-
Aging-Sr Center GP & OR	-	-	-
Aging-Fan&Heat Relief	-	-	-
Family Caregiver Support	-	-	-
FCSP event	-	-	-
FCSP-SCP Lifespan	-	-	-
ARRA-DAAS-CDSMP, Yr 2	-	-	-
CDSMP, Self-Sustaining	-	-	-
Buncombe Co Minority Health Collaborative	-	-	-
Regional Ombudsman	-	-	-
Elder Abuse	-	-	-
Buncombe Co CAC support	-	-	-
Sr Community Service Experience Program	-	-	-
SCSEP, Opportunity	-	-	-
Volunteer Sves Fund-raising	-	-	-
RSVP FYE 3/31/12 FY 12 #571	-	-	-
RSVP FYE 3/31/13 FY 12 #572	-	-	-
Diabetes Screening	-	-	-
FGP FY 7/1 - 6/30	-	-	-
Sr. Companion FYE 09/29/11 FY 12 #591	-	-	-
Sr. Companion FYE 09/29/12 FY 12 #592	-	-	-
Subtotal Human Services	-	-	-

Special Revenue		
Budget	Actual	Variance Positive (Negative)
8,335	8,335	-
15,615	15,615	-
3,012	3,012	-
-	3,653	(3,653)
1,674	1,674	-
1,811	1,811	-
35,223	151	35,072
1,893	1,893	-
10,017	5,444	4,573
1,843	1,843	-
25,000	4,186	20,814
7,056	7,056	-
16,667	13,549	-
9,305	1,820	7,485
<u>4,138,865</u>	<u>2,844,885</u>	<u>1,290,862</u>
508,594	507,914	680
8,022	6,885	1,137
13,895	13,895	-
34,671	34,672	(1)
17,612	3,914	13,698
248,305	234,521	13,784
45,423	45,422	1
34,464	37,554	(3,090)
5,000	-	5,000
33,378	21,820	11,558
58,000	53,500	4,500
45,502	2,671	42,831
2,959,766	2,901,439	58,327
65,096	65,093	3
7,613	8,013	(400)
230,589	230,588	1
1,662	973	689
2,000	-	2,000
18,525	18,314	211
1,140	63	1,077
2,608	2,607	1
318,868	315,722	3,146
8,406	8,405	1
1,000	1,000	-
241,903	241,904	(1)
7,112	-	7,112
5,261	1,501	3,760
104,339	120,635	(16,296)
38,056	27,759	10,297
2,500	-	2,500
394,694	356,898	37,796
100,187	91,367	8,820
300,821	288,222	12,599
<u>5,865,012</u>	<u>5,643,271</u>	<u>221,741</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, 2012

	General		Variance Positive (Negative)
	Budget	Actual	
Clean Air Campaign	-	-	-
EPA-Reading, Riding and Retrofit	-	-	-
ARRA-Triangle J COG, Carolina Blue Skies	-	-	-
DOE, CCOG, Electric Vehicle Planning, Mountain to the Sea	-	-	-
Propane/Autogas Roadshow	-	-	-
Congestion Mitigation & Air Quality	-	-	-
NCDENR-Upfitting Recycling Education Vehicle	-	-	-
Mobile Education Center	-	-	-
Town of Waynesville Solid Waste Technical Assistance	-	-	-
RUS 16 - Solid Waste (LGS) 10/1/10 - 9/30/11	-	-	-
RUS 17 - Solid Waste (LGS) 10/1/11 - 9/30/12	-	-	-
WRP-SEO Statewide Energy Assessments	-	-	-
DPPEA SWMTF WRP	-	-	-
DPPEA/WRP	-	-	-
WRP - A/B Water Quality	-	-	-
WRP-SEO Energy Management Mentoring	-	-	-
WRP - Private Contributions	-	-	-
WRP - Buncombe Co Schools, Energy Efficiency TA	-	-	-
WRP - NCSU	-	-	-
ARRA WRP - AdvantageWest Energy Fellows Mentoring	-	-	-
WRP - Henderson Co Alternate Fuel Vehicles TA	-	-	-
WRP-EPA Hospitality Industry TA	-	-	-
RUS 16 - Solid Waste (WRP) 10/1/10 - 9/30/11	-	-	-
RUS 17 - Solid Waste (WRP) 10/1/11 - 9/30/12	-	-	-
WRP - NC Farm Bureau, Farm Energy Efficiency	-	-	-
WRP - SEO Energy Efficiency Private Sector	-	-	-
WRP-USDA Energy Audits (REDA)	-	-	-
WRP - Cherokee Foundation	-	-	-
ARRA - WRP SEO Technical Assistance	-	-	-
WRP-TJCOG DAQ Energy Assessments	-	-	-
ARC Water FYE 9/30/11 FY 12 #871	-	-	-
ARC Water FYE 9/30/12 FY 12 #872	-	-	-
TVA - Haywood Waterways Assoc-Stormwater Planning	-	-	-
Riverweek	-	-	-
ARRA - DWQ 205j French Broad River Basin Planning	-	-	-
Subtotal Environmental Protection	-	-	-
Rural Transportation Planning Organization	-	-	-
I-40 Rockslide Conference	-	-	-
ARRA-DOE-City of Asheville Local Energy Assurance Planning	-	-	-
Bicycle Maps	-	-	-
NC DOT-Regional Bike Plan	-	-	-
Buncombe Co Mountain Mobility, Admin Operations	-	-	-
Buncombe Co Mountain Mobility, Operations Revenue-Pass-Thrc	-	-	-
R.I.D.E.	-	-	-
MPO Conference	-	-	-
French Broad River Metropolitan Planning Org.	-	-	-
Subtotal Transportation	-	-	-
Workforce Development Local Conference	-	-	-
Workforce Investment Act-Administration	-	-	-
WIA Adult Services	-	-	-
WIA Dislocated Worker	-	-	-
WIA Contingency Funds	-	-	-
WIA Rapid Response	-	-	-
WIA Youth Services	-	-	-

Special Revenue		
Budget	Actual	Variance Positive (Negative)
8,140	763	7,377
370,711	365,275	5,436
68,824	38,988	29,836
60,000	51,862	8,138
5,000	5,650	(650)
46,383	46,119	264
43,500	-	43,500
9,329	137	9,192
14,939	7,522	7,417
15,991	15,991	-
34,725	31,689	3,036
12,000	8,200	3,800
20,000	20,000	-
20,000	20,000	-
15,000	15,000	-
18,869	18,024	845
78,358	65,457	12,901
18,000	14,535	3,465
12,000	407	11,593
20,066	18,179	1,887
-	1,665	(1,665)
19,688	19,470	218
12,951	12,951	-
37,500	32,157	5,343
5,000	-	5,000
761	-	761
44,367	14,378	29,989
-	388	(388)
122,936	110,838	12,098
6,750	2,279	4,471
15,614	15,614	-
13,875	9,975	3,900
849	197	652
5,432	5,885	(453)
3,756	3,756	-
<u>1,181,314</u>	<u>973,351</u>	<u>203,008</u>
104,625	104,625	-
1,815	1,577	238
128,283	127,211	1,072
256	-	256
134,902	81,335	53,567
297,246	294,849	2,397
34,972	34,972	-
1,500	2,515	(1,015)
3,942	-	3,942
<u>665,042</u>	<u>607,740</u>	<u>57,302</u>
<u>1,372,583</u>	<u>1,254,824</u>	<u>113,579</u>
4,740	4,512	228
280,889	241,982	38,907
799,361	612,900	186,461
1,012,054	701,660	310,394
215,000	27,867	187,133
361,829	191,227	170,602
786,708	704,717	81,991

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, 2012

	General		
	Budget	Actual	Variance Positive (Negative)
WIA Options	-	-	-
WIA Incentives	-	-	-
	-	-	-
Total expenditures	228,821	228,655	166
Revenues over (under) expenditures	-	88,730	88,730
Other financing sources (uses):			
Funds from Capital Lease	-	-	-
Gain (Loss) on Sale of Assets	-	-	-
Appropriated Fund Balance	172,492	-	-
Leasehold improvements	-	(1,716)	-
Transfers from (to) other funds	-	-	-
	-	-	-
Net change in fund balances	\$ -	87,014	\$ 87,014
Fund balances - beginning of year		704,476	
Fund balances - ending of year		\$ 791,490	

Special Revenue		
Budget	Actual	Variance Positive (Negative)
172,149	172,149	-
110,606	62,798	47,808
3,743,336	2,719,812	1,023,524
16,301,110	13,436,143	2,852,714
-	-	(12,253)
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	-	\$ (12,253)
	-	
	\$ -	

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Revenues and Expenditures by Type -
All Governmental Funds
For the Year Ended June 30, 2012

Schedule 5

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal government	\$ -	\$ 8,886,467	\$ 8,886,467
State of North Carolina	8,000	2,308,200	2,316,200
Local governmental agencies	217,484	1,052,447	1,269,931
Local government dues and fees	63,935	152,155	216,090
Private contributions	21,546	22,651	44,197
In-kind	-	978,438	978,438
Interest income	294	54	348
Miscellaneous	6,126	35,731	41,857
Total revenue	<u>317,385</u>	<u>13,436,143</u>	<u>13,753,528</u>
Expenditures:			
Personnel - direct	32,072	1,636,620	1,668,692
Personnel - indirect/field	-	15,892	15,892
Fringe benefits	3,104	1,177,603	1,180,707
Telephone and postage	295	24,107	24,402
Technology	-	12,203	12,203
Travel	3,352	131,767	135,119
Rent	2,015	46,877	48,892
Utilities	-	-	-
Copier	-	16,450	16,450
Maintenance and repairs	847	4,152	4,999
Insurance (not payroll related)	1,194	187	1,381
Training and workshops	300	37,000	37,300
Supplies	6,559	39,851	46,410
Contractual	1,026	717,623	718,649
Dues and subscriptions	3,351	13,706	17,057
Printing	-	8,025	8,025
Advertising	225	38,359	38,584
Equipment	-	24,863	24,863
Usage allowance	8,000	12,720	20,720
Indirect	3,026	1,111,460	1,114,486
Other	34,992	38,805	73,797
	<u>100,358</u>	<u>5,108,270</u>	<u>5,208,628</u>
Debt service:			
Debt service - principal	40,414	-	40,414
Debt service - interest	87,622	-	87,622
	<u>128,036</u>	<u>-</u>	<u>128,036</u>
Other:			
In-kind	-	978,438	978,438
Revolving Loan Fund disbursements	-	124,101	124,101
Subcontracted/pass-through	261	7,225,334	7,225,595
	<u>261</u>	<u>8,327,873</u>	<u>8,328,134</u>
Total expenditures	<u>228,655</u>	<u>13,436,143</u>	<u>13,664,798</u>
Revenues over (under) expenditures	<u>88,730</u>	<u>-</u>	<u>88,730</u>
Other financing sources (uses):			
Gain (Loss) on sale of assets	-	-	-
Appropriated fund balance	-	-	-
Leasehold improvements	(1,716)	-	(1,716)
Transfers from (to) other funds	-	-	-
	<u>(1,716)</u>	<u>-</u>	<u>(1,716)</u>
Net change in fund balances	<u>\$ 87,014</u>	<u>\$ -</u>	<u>\$ 87,014</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, 2012, which collectively comprise the Land-of-Sky Regional Council basic financial statements, and have issued our report thereon dated December 19, 2012. 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

Management of Land-of-Sky Regional Council is responsible for establishing and maintaining effective 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
December 19, 2012

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, 2012. 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, 2012.

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
December 19, 2012

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, 2012. 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, 2012.

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
December 19, 2012

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

		Federal CFDA Number	Pass-Through Grantor Number
U.S. Dept of Agriculture:			
Forest Service - ARRA-Western NC Forest Products Cooperative Marketing	620	10.688	10-DG-11334419-046
Rural Community Development Initiative	726/727	10.766	380110561024369 RCDI
Rural Development Energy Audit Assistance	866	10.868	380110561024369 REAP
<i>Passed through Rural Development Administration</i>			
Solid Waste Management Program 2010-2011	841/861	10.761	380110561024369-20
Solid Waste Management Program 2011-2012	842/862	10.761	380110561024369-21
Total 10.761		10.761	
<i>Passed through NC Department of Health and Human Services</i>			
Food Distribution Program	520	10.570	NC-77
Total U.S. Department of Agriculture			
U.S. Dept of Commerce:			
<i>Economic Development Administration (EDA)</i>			
Planning Grant (other match reported NC RC#660), 1/1/09 - 12/31/11	431	11.302	04-83-06128
Planning Grant (other match reported NC RC#660), 1/1/12 - 12/31/14	432	11.302	04-83-06633
Total 11.302		11.302	
Clean Energy Planning Grant	665	11.303	04-86-06260
<i>Contracted with Centralina Council of Governments, NC PEV Readiness Initiative:</i>			
Plugging in from Mountain to Sea Project (M2S)	805	81.122	DE-EE0005583
Total U.S. Department of Commerce			
U.S. Dept of Energy:			
<i>Passed through NC Department of Commerce, State Energy Office</i>			
Statewide Energy Assessments & Mentoring for Public & Private Sectors	849	81.041	DE-EE0003881, 12-BLDG-RC1
ARRA-Energy Technical Assistance Program in North Carolina	868	81.041	TA-37
<i>Contracted with AdvantageWest Economic Development Group</i>			
ARRA-AdvantageGreen Energy Internships and Fellowships Program	461/858	81.041	DE-EE0000157
Total 81.041		81.041	
<i>Contracted with Triangle J Council of Governments</i>			
ARRA-Carolina Blue Skies & Green Jobs Initiative, Clean Cities AOI 4	803	81.086	TJCOG-CBS-011
<i>Contracted with Southeast Propane Autogas Development Programs</i>			
ARRA-Propane Autogas Roadshow Series	806	81.086	
Total 81.086		81.086	
<i>Contracted with City of Asheville</i>			
ARRA-Local Energy Assurance Planning	913	81.122	DE-FOA-0000098
<i>Contracted with Madison County</i>			
ARRA-Madison County Energy Efficiency Community Block Grant	733	81.128	DE-EE0000771
<i>Contracted with Town of Mars Hill</i>			
ARRA-Mars Hill Energy Efficiency Community Block Grant	746	81.128	DE-EE0000771
Total 81.128		81.128	
Total U.S. Department of Energy			
U.S. Department of Health & Human Services:			
<i>Passed through N.C. Dept of Health and Human Services,</i>			
Title VII-B, Elder Abuse	551	93.041	11AANCT7SP

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
\$ 361,756	\$ -	\$ -	\$ 361,756
8,335	-	8,615	16,950
10,783	-	3,595	14,378
28,942	-	-	28,942
63,846	-	-	63,846
<u>92,788</u>	<u>-</u>	<u>-</u>	<u>92,788</u>
101,698	-	-	101,698
<u>575,360</u>	<u>-</u>	<u>12,210</u>	<u>587,570</u>
40,000	-	9,105	49,105
20,478	-	5,696	26,174
<u>60,478</u>	<u>-</u>	<u>14,801</u>	<u>75,279</u>
23,658	-	-	23,658
51,862	-	-	51,862
<u>135,998</u>	<u>-</u>	<u>14,801</u>	<u>150,799</u>
8,200	-	-	8,200
110,838	-	-	110,838
26,622	-	-	26,622
<u>145,660</u>	<u>-</u>	<u>-</u>	<u>145,660</u>
38,988	-	-	38,988
5,000	-	1,413	6,413
<u>43,988</u>	<u>-</u>	<u>1,413</u>	<u>45,401</u>
127,211	-	-	127,211
3,653	-	-	3,653
1,893	-	-	1,893
5,546	-	-	5,546
<u>322,405</u>	<u>-</u>	<u>1,413</u>	<u>323,818</u>
7,144	420	841	8,405

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

		Federal CFDA Number	Pass-Through Grantor Number
Title VII-E, Ombudsman	550	93.042	11AANCT7SP
Title III F - Preventive Health 90%	513	93.043	11AANCT3SP
Title III--B	520	93.044	11AANCT3SP
Title III--B Legal	520	93.044	11AANCT3SP
Title III--B Ombudsman	550	93.044	11AANCT3SP
Title III--B Planning & Administration	510/511	93.044	11AANCT3SP
Title III--C1	510/520	93.045	11AANCT3SP
Title III--C2	520	93.045	11AANCT3SP
Total Aging Cluster, 93.044 & 93.045		93.044-.045	
Family Caregiver Support	530	93.052	11AANCT3SP
Title III--E	510/511	93.052	11AANCT3SP
Total 93.052		93.052	
MIPPA (Medicare Enrollment Assistance Program) AOA	507/509	93.518	109AANCMAAA
SSBG-Respite Grant	520	93.667	
ARRA-Chronic Disease Self-Management Program	544	93.725	90RA0041/02
Community Resource Connections, Aging and Disability Resource Center	517/518/519	93.779	NP-07
Total U.S. Department of Health & Human Services			
U.S. Department of Housing and Urban Development:			
GroWNC, Office of Sustainable Housing & Communities	600	14.703	NCRIP0028-10
<i>Passed through N.C. Dept of Commerce, Division of Community Assistance</i>			
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 Cottages	761	14.228	CDBG 10-C-2209
Brevard Housing Development	760	14.228	CDBG 09-C-2049
Madison County Scattered Site Housing Program	731	14.228	CDBG 08-C-1828
Madison County Small Cities Housing Program	734	14.228	CDBG 11-C-2318
Mars Hill, Small Cities Urgent Needs	741	14.228	CDBG 07-C-1750
Marshall, Small Cities Infrastructure	751	14.228	CDBG 05-D-1751
Total 14.228		14.228	
Total U.S. Department of Housing & Urban Development			
U.S. Department of the Interior, National Park Service:			
<i>Passed through Blue Ridge National Heritage Area, Inc</i>			
Green Infrastructure Outreach & Planning, Linking Lands & Communities	690	15.409	
U.S. Department of Labor:			
<i>Passed through NC Department of Commerce, Division of Workforce Solutions</i>			
WIA-Adult Programs	220	17.258	
WIA-Dislocated Workers	230	17.278	
WIA-Youth Activities	240	17.259	
WIA-Administrative Cost Pool/Incentives/Capital and Special Grants	210/23#/25#	17.258-17.278	
Total Workforce Investment Act Cluster, 17.258,.259&.278		17.258,.259,.279	
<i>Passed through NC Dept of Health and Human Services,</i>			
Senior Community Service Experience Program	560/561	17.235	
Total Department of Labor			
Appalachian Regional Commission:			
2011 ARC Administrative Grant	421/440	23.009	NC-706-B-C38
2012 ARC Administrative Grant	422/440	23.009	NC-706-B-C39

Federal	State	Local	Total
64,135	3,773	1,000	68,908
29,293	1,723	6,539	37,555
357,510	1,560,734	507,914	2,426,158
66,226	3,896	-	70,122
151,773	62,661	33,380	247,814
64,298	48,946	87,336	200,580
367,052	21,243	-	388,295
329,165	98,622	-	427,787
<u>1,336,024</u>	<u>1,796,102</u>	<u>628,630</u>	<u>3,760,756</u>
216,176	14,412	-	230,588
18,465	1,012	-	19,477
<u>234,641</u>	<u>15,424</u>	<u>-</u>	<u>250,065</u>
17,809	-	-	17,809
84,459	2,413	-	86,872
18,315	-	-	18,315
77,991	-	-	77,991
<u>1,869,811</u>	<u>1,819,855</u>	<u>637,010</u>	<u>4,326,676</u>
644,027	-	678,875	1,322,902
59,146	-	-	59,146
7,000	-	-	7,000
13,549	-	-	13,549
7,056	-	-	7,056
3,012	-	-	3,012
7,001	-	-	7,001
1,674	-	-	1,674
5,444	-	-	5,444
<u>103,882</u>	<u>-</u>	<u>-</u>	<u>103,882</u>
<u>747,909</u>	<u>-</u>	<u>678,875</u>	<u>1,426,784</u>
13,115	-	2,490	15,605
612,900	-	-	612,900
701,660	-	-	701,660
704,717	-	-	704,717
696,023	-	-	696,023
<u>2,715,300</u>	<u>-</u>	<u>-</u>	<u>2,715,300</u>
217,713	-	24,816	242,529
<u>2,933,013</u>	<u>-</u>	<u>24,816</u>	<u>2,957,829</u>
64,270	10,725	29,099	104,094
<u>2,494</u>	<u>10,724</u>	<u>6,531</u>	<u>19,749</u>

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

		Federal CFDA Number	Pass-Through Grantor Number
<i>Total 23.009</i>		<i>23.009</i>	
Building Clean Energy Economy in Western North Carolina	661	20.009	NC-16543-2010
Building Clean Energy Economy in Western North Carolina, Phase 2	667	20.009	NC-16543-C1-302-12
<i>Total 20.009</i>		<i>20.009</i>	
2010-2011 ARC Housing Specialist	701	23.011	CWP-11-B
2011-2012 ARC Housing Specialist	702	23.011	CWP-12-B
2010-2011 Watershed Protection TAP	871	23.011	CWP-11-B
2011-2012 Watershed Protection TAP	872	23.011	CWP-12-B
<i>Total 23.011</i>		<i>23.011</i>	
Total Appalachian Regional Commission			
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	
Rural Transportation Planning Funds	900	20.205	
Total Federal Highway Administration, Total 20.205		20.205	
Environmental Protection Agency:			
Reading, Riding, Retrofit-Schools Leading Way to Sustainability	801	66.041	AF-83454101
Destination Green, partnering with NC Div of Environmental Assistance & Outreac	860	66.717	X9-95479811
ARRA-RBI, Supplemental Revolving Loan Fund	646	66.818	2B 95428409
Regional Brownfields Initiative, Revolving Loan Fund Admin	645	66.818	BF 96413504
Contracted with City of Asheville Brownfields Assessment Administration	670	66.818	BF 95405608
<i>Total 66.818</i>		<i>66.818</i>	
<i>Passed through the NC Department of Environment and Natural Resources:</i>			
ARRA-Water Resources Management for French Broad River Basin in NC	881	66.454	NCDWQ ARRA 205J #2462
Total Environmental Protection Agency			
Corporation for National Service:			
Retired Senior Volunteer	571	94.002	09SRSNC002
Retired Senior Volunteer	572	94.002	12SRSNC003
Foster Grandparent/Senior Companion Cluster			
2012 Foster Grandparent	586	94.011	11GXSN001
2010-2011 Senior Companion Program	591	94.016	09SCSNC004
2011-2012 Senior Companion Program	592	94.016	09SCSNC004
<i>Total FGP/SCP Cluster</i>		<i>94.011-016</i>	
Total Corporation for National Service			
State Programs:			
NC General Assembly			
<i>Passed through North Carolina Rural Center:</i>			
Clean Water Partners Supplemental, Mars Hill	742		2008-146-40101-112
Clean Water Partners Supplemental, Mars Hill, Phase II	744		2008-146-40101-112
Clean Water Partners Supplemental, Marshall	752		2008-046-40101-112

Federal	State	Local	Total
66,764	21,449	35,630	123,843
60,552	-	-	60,552
382	-	-	382
60,934	-	-	60,934
3,144	-	3,144	6,288
5,833	-	5,833	11,666
15,614	-	-	15,614
9,975	-	2,529	12,504
34,566	-	11,506	46,072
162,264	21,449	47,136	230,849
46,119	-	-	46,119
486,192	-	49,423	535,615
34,290	49,410	20,925	104,625
566,601	49,410	70,348	686,359
254,461	-	110,815	365,276
19,470	-	-	19,470
350,574	-	500	351,074
161,618	-	11	161,629
33,698	-	-	33,698
545,890	-	511	546,401
3,756	-	-	3,756
823,577	-	111,326	934,903
67,840	-	37,345	105,185
22,609	-	-	22,609
90,449	-	37,345	127,794
349,600	3,920	3,628	357,148
86,984	-	4,383	91,367
209,323	69,393	9,506	288,222
645,907	73,313	17,517	736,737
736,356	73,313	54,862	864,531
-	1,811	-	1,811
-	151	-	151
-	1,843	-	1,843

LAND-OF-SKY REGIONAL COUNCIL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

	Federal CFDA Number	Pass-Through Grantor Number
Clean Water Partners Supplemental, Marshall, Phase II	754	2010-253-40101-112
Planning and Entrepreneurship-Clean Energy Economy in WNC	660	2010-310-30301-117
NC Department of Commerce, State Energy Office		
NC Statewide Energy Management Mentoring for Public Sector	854	11-USI-LH1
State Programs, continued:		
NC Department of Environment and Natural Resources		
Division of Pollution Prevention & Environmental Assistance		
Waste Reduction Partners	850/851	1264
Division of Air Quality, Contracted with Triangle J Council of Governments	869	4135
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		
Bike & Pedestrian Plan	920	2373
 Total Federal and State Awards Expended		

Federal	State	Local	Total
-	4,186	-	4,186
-	102,532	-	102,532
-	110,523	-	110,523
-	18,024	-	18,024
-	40,000	-	40,000
-	2,279	-	2,279
-	8,000	-	8,000
-	407	-	407
-	50,686	-	50,686
-	48,820	16,273	65,093
-	8,013	-	8,013
-	56,833	16,273	73,106
-	81,335	-	81,335
-	81,335	-	81,335
\$ 8,886,409	\$ 2,281,428	\$ 1,671,560	\$ 12,839,397

LAND-OF-SKY REGIONAL COUNCIL

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2012

1. Significant Accounting Policies

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

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

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal</u>	<u>State</u>
Buncombe County	Title III B (Legal,Access,In-Home)	93.044	NC-77	\$ 245,960	\$ 950,086
	Title III C1 (Congregate Nutrition)	93.045	NC-77	94,444	5,556
	Title III C2 (Home-Delivered Meals)	93.045	NC-77	99,645	29,855
	SSBG- Respite	93.667	NC-77	51,904	1,483
	Food Distribution	10.570		29,396	
				<u>521,349</u>	<u>986,980</u>
Council on Aging of Buncombe C	Food Distribution	10.570		15,253	
	MIPPA(Medicare Enrollment Assistance Prog	93.518		3,400	
	Family Caregiver Title III-E	93.052		19,687	1,313
	Fan/Heat Relief	N/A	NC-77		5,209
				<u>38,340</u>	<u>6,522</u>
Meals on Wheels	Food Distribution	10.570	NC-77	14,143	-
Asheville Area Parks & Rec	Senior Center Development	N/A	NC-77	-	24,410
Town of Black Mountain	Senior Center Development	N/A	NC-77	-	4,069

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal</u>	<u>State</u>
Henderson County (paid directly to providers per agreement with Henderson Co)	Title III B (Legal,Access,In-Home)	93.044	NC-77	\$ 127,494	\$ 359,739
	Title III C1 (Congregate Nutrition)	93.045	NC-77	21,496	1,265
	Title III C2 (Home-Delivered Meals)	93.045	NC-77	196,674	58,926
	SSBG - Respite	93.667		16,063	459
	Food Distribution	10.570		46,071	
				<u>407,798</u>	<u>420,389</u>
Henderson Co Council on Aging	Food Distribution	10.570		33,579	
	Family Caregiver Title III-E	93.052		4,312	288
	Fan/Heat Relief	N/A	NC-77		1,888
				<u>37,891</u>	<u>2,176</u>
Pardee Pavilion	Family Caregiver Title III-E	93.052		10,312	688
Madison County	Title III B (Legal,Access,In-Home)	93.044	NC-77	21,355	94,921

	Title III C1 (Congregate Nutrition)	93.045	NC-77	84,666	4,981
	Title III C2 (Home-Delivered Meals)	93.045	NC-77	21,384	6,407
	SSBG - Respite	93.667	NC-77	5,211	149
	Food Distribution	10.570		14,751	-
	MIPPA(Medicare Enrollment Assistance Prog	93.071		1,463	-
	MIPPA(Medicare Enrollment Assistance Prog	93.518		3,076	-
	Family Caregiver Title III-E	93.052		9,375	625
	Senior Center Development	N/A	NC-77	-	8,138
	Fan/Heat Relief	N/A	NC-77	-	400
				<u>161,281</u>	<u>115,621</u>
Transylvania County	Title III B (Legal,Access,In-Home)	93.044	NC-77	28,925	159,882
	Title III C1 (Congregate Nutrition)	93.045	NC-77	79,646	4,685
	Title III C2 (Home-Delivered Meals)	93.045	NC-77	11,462	3,434
	SSBG - Respite	93.667		11,280	322
	Food Distribution	10.570		11,488	-
	MIPPA(Medicare Enrollment Assistance Prog	93.071		3,322	-
	MIPPA(Medicare Enrollment Assistance Prog	93.518		-	-
	Family Caregiver Title III-E	93.052		<u>16,875</u>	<u>1,125</u>
Transylvania County WCCA	Fan/Heat Relief	N/A	NC-77		516
	Senior Center Development	N/A	NC-77	-	12,205
	Food Distribution	10.570		<u>11,488</u>	<u>-</u>
				11,488	12,721
Park Ridge Health Systems	Family Caregiver Title III-E	93.052		18,750	1,250

Federal Awards, continued

Dollar threshold for identification of Type A
and Type B programs \$ 300,000

State Awards

Auditee qualified as low-risk auditee? yes no

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, 2012

2011

There were no findings for the year ending 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.