



FINANCIAL STATEMENTS

Year Ended June 30, 2013



**Land-of-Sky Regional Council**  
**Asheville, North Carolina**  
**Council Members**  
**June 30, 2013**

<u>Name</u>	<u>Position</u>	<u>Jurisdiction</u>	<u>Position</u>
Bob Davy	Chair	Henderson	Fletcher Councilman
George Goosmann	1 <sup>st</sup> Vice Chair	Buncombe	Mayor of Biltmore Forest
Ellen Frost	2 <sup>nd</sup> Vice Chair	Buncombe	County Commissioner
Charlie Landreth	Secretary	Transylvania	Brevard Councilman
Wayne Brigman	Treasurer	Madison	County Commissioner

Executive Committee

Mike Hawkins	At-Large	Transylvania	County Commissioner
John Mitchell	At-Large	Henderson	Business & Community Director

Council Primary Members

<u>Name</u>	<u>County</u>	<u>City/Town</u>
Terry Bellamy	Buncombe	Asheville
Carl Bartlett	Buncombe	Black Mountain
Letta Jean Taylor	Buncombe	Montreat
Gene Knoefel	Buncombe	Weaverville
Jerry VeHaun	Buncombe	Woodfin
Barbara Volk	Henderson	Hendersonville
Dona Menella	Henderson	Laurel Park
Dave Bucher	Henderson	Flat Rock
Grady Hawkins	Henderson	
Brian Reese	Madison	Hot Springs
John Chandler	Madison	Mars Hill
Lawrence Ponder	Madison	Marshall
Charlie Lambreth	Transylvania	Brevard
Brian Shelton	Transylvania	Rosman

Council Alternate Members

Denise Braine	Buncombe	
Cecil Bothwell	Buncombe	Asheville
Fran Cogburn	Buncombe	Biltmore Forest
Margaret Tuttle	Buncombe	Black Mountain
Jack McCaskill	Buncombe	Montreat
Dottie Sherrill	Buncombe	Weaverville



Council Alternate Members, continued

<u>Name</u>	<u>County</u>	<u>City/Town</u>
Debbie Giezentanner	Buncombe	Woodfin
Glen Englam	Henderson	
Jeff Collis	Henderson	Hendersonville
Mark Biberdorf	Henderson	Fletcher
James Ball	Henderson	Laurel Park
Jim Wert	Henderson	Flat Rock
Daryhl Boone	Madison	Mars Hill
Billie Jean Haynie	Madison	Marshall
Jim Baker	Madison	
Jason Chappell	Transylvania	
Joe Moore	Transylvania	Brevard
Walter Pettit, Jr.	Transylvania	Rosman

Council Members At-Large (Minority Representatives)

Simone Bouyer	Madison
Sarah Nunez	Buncombe
Rodney Locks	Transylvania
Vacant	Henderson

Economic Development Representatives

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

Program Representatives

Charles Dickens, Aging Advisory Council  
Kathe Harris, Sr. Volunteer Services Advisory Council



**LAND-OF-SKY REGIONAL COUNCIL**  
**Table of Contents**  
June 30, 2013

<b>Exhibits</b>		<b>Page</b>
	<b>Financial Section</b>	
	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 Position	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 Position – Fiduciary Funds	19
Exhibit G	Statement of Changes in Fiduciary Net Position – Fiduciary Funds	20
	Notes to the Financial Statements	21-34
<b>Schedules</b>		
	<b>Supplementary Information</b>	
1	Schedule of Indirect Costs	35-38
2	Combining Statement of Fiduciary Net Position – Fiduciary Agency Funds	Funds- 39



<u>Schedules</u>		<u>Page</u>
3	Combining Statement of Changes in Fiduciary Net Position – 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
 <b>Compliance Reports</b>		
	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	56-64
7	Schedule of Findings and Questioned Costs	65-66
8	Summary Schedule of Prior Year Audit Findings	67



# Elizabeth Keel, PLLC

CERTIFIED PUBLIC ACCOUNTANT

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

## Independent Auditor's Report

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

### **Report on the Financial Statements**

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, a North Carolina Council of Government (the Council), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Land-of-Sky Regional Council's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then

ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements [refer to Table of Contents for page]. 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 about 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.

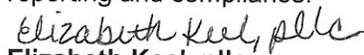
*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Land-of-Sky Regional Council's basic financial statements. The budgetary schedules and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by the 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.

The budgetary schedules and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 budgetary schedules and the accompanying schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2013 on our consideration of Land-of-Sky Regional Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Land-of-Sky Regional Council's internal control over financial reporting and compliance.



**Elizabeth Keel, PLLC**  
Certified Public Accountant  
October 16, 2013

**LAND-OF-SKY REGIONAL COUNCIL**  
**Management's Discussion and Analysis**  
June 30, 2013

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, 2013. 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 \$834,476 (net position).
- The Council's total net position increased by \$108,156, an amount that is consistent with the steady historical increase of the Council's net position.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$936,796, an increase of \$145,306 in comparison with the prior year. Of this amount \$617,348 is restricted by state statute and the remaining \$319,448 is held in unrestricted fund balance. The costs to operate the Council in the subsequent period are incurred and paid in the subsequent period from the federal, state and local awards that the Council is formed to administer.

***Overview of the Financial Statements***

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

**Basic Financial Statements**

The first two statements (Exhibits A and B) in the basic financial statements are the *government-wide statements*. They provide both short and long-term information about the Council's financial status. The next statements (Exhibits C through 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 position and how they have changed. Net position are the difference between the Council's total assets and total liabilities and deferred outflows of resources. Measuring net position 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 position 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 position**  
**June 30, 2013 and 2012**

	<b>Governmental</b>	
	<b>Activities</b>	
	<b>2013</b>	<b>2012</b>
Current assets	\$ 2,746,315	\$2,849,636
Capital assets	2,067,842	2,166,897
Total assets	4,814,157	5,016,533
Current liabilities	1,536,247	2,049,688
Long-term liabilities	2,188,891	1,472,071
Total liabilities	3,725,138	3,521,759
Deferred inflows	254,543	768,454
Net position:		
Invested in capital assets, net of related debt	42,457	69,988
Restricted	617,348	84,823
Unrestricted	174,671	571,509
Total net position	\$ 834,476	\$ 726,320

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Council exceeded liabilities by \$834,476 as of June 30, 2013. The Council's net position increased by \$108,156 for the fiscal year ended June 30, 2013. State statutes restrict \$617,348 of the Council's net position. 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) is 5% of net position and totals \$42,457. 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 \$174,671 is unrestricted.

**Table 2**  
**Condensed Statements of Activities**  
**For the year ending June 30, 2013 and 2012**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$6,028,661	\$ 1,442,240
Operating grants and contributions	6,713,057	11,993,904
General Revenues		
Local governmental dues	109,254	63,935
Grants and contributions not restricted to specific programs	14,475	175,978
Miscellaneous revenue	34,369	11,442
Unrestricted investment earnings	281	294
Total revenues	<u>12,900,097</u>	<u>13,687,793</u>
Expenses:		
Governmental activities:		
Management and business operations	303,493	189,489
Economic and community development	2,357,378	2,844,886
Human services	5,925,415	5,643,271
Environmental protection	631,455	973,351
Workforce development	2,499,719	2,719,812
Transportation	1,074,481	1,254,824
Total expenses	<u>12,791,941</u>	<u>13,625,633</u>
Change in net position	<u>108,156</u>	<u>62,160</u>
Net position, July 1	<u>726,320</u>	<u>664,160</u>
Net position, June 30	<u>\$ 834,476</u>	<u>\$ 726,320</u>

**Governmental activities**

Governmental activities increased the Council's net position by \$145,306. 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.

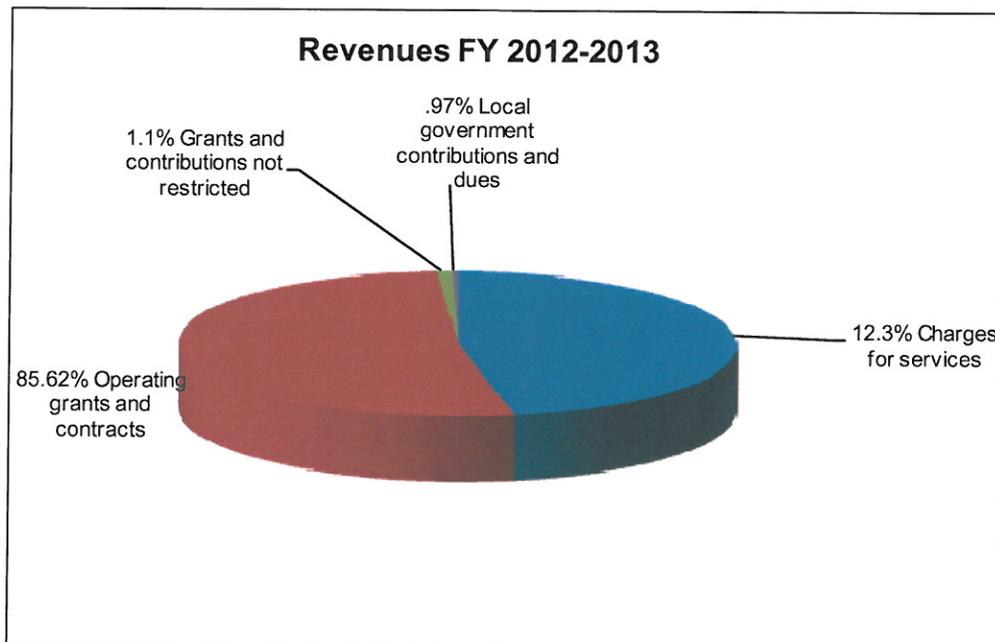
*Financial Analysis of the Council's Funds*

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

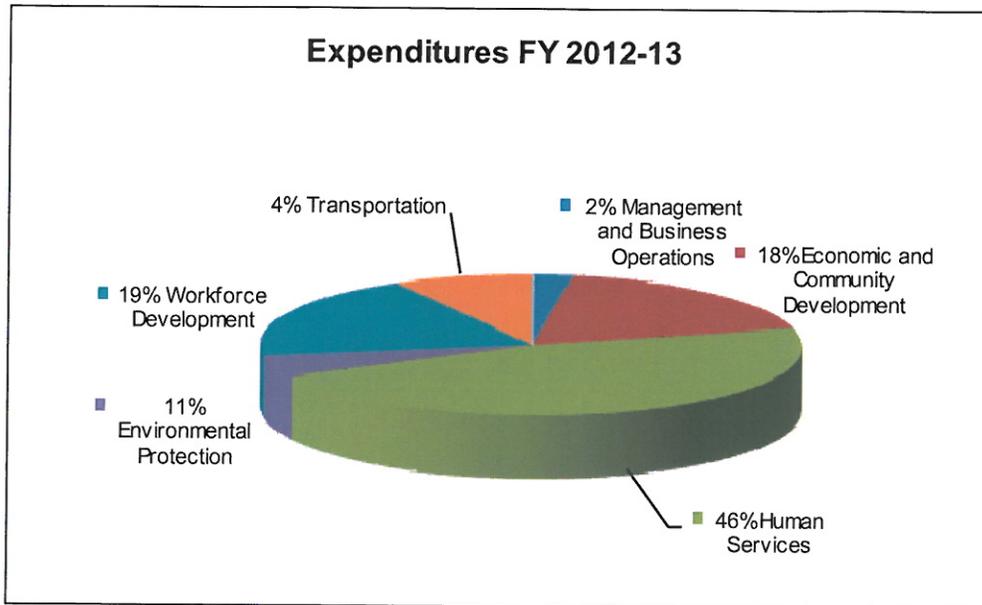
### Governmental Funds

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 \$936,796 of which, \$116,786 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.

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, 2013 the governmental funds of the Council reported a total combined fund balance of \$936,796 representing a 18.48% 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 \$14,993. However, amendments to the Special Revenue Fund decreased revenues \$3,612,883. Significant disbursements of federal and state awards are as follows: Economic and Community Development Services - \$2,357,378, Human Services - \$5,925,415, Environmental Protection Services - \$631,455, Workforce Development - \$2,499,719 and Transportation Planning Services - \$1,074,941.

#### Capital Asset and Debt Administration

**Capital assets.** The Council's capital assets for all governmental-type activities as of June 30, 2013, totals \$2,067,842 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, 2013 and 2012**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Completed office space	\$ 1,979,355	\$2,077,285
Vehicle	31,271	1,815
Administrative equipment	57,216	87,796
<b>Total</b>	<b>\$ 2,067,842</b>	<b>\$2,166,896</b>

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, 2013 and 2012**

Capital leases	<b>Governmental</b>	
	<b>Activities</b>	
	<b>2013</b>	<b>2012</b>
General office equipment	\$ -	\$ 10,107
Office space	1,962,694	2,086,801
Total capital leases	\$ 1,962,694	\$ 2,096,908

As of June 30, 2013, the outstanding debt of the Council consisted of \$2,025,385 of capital leases related to the Council facilities. Of total outstanding debt, \$62,691 is included in current liabilities.

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 October 2012, Joe McKinney left his position as Executive Director of Land of Sky Regional Council to become the Executive Director of the National Association of Development Organizations (NADO) in Washington, DC. Joe had been the Executive Director at LOSRC for almost 10 years and had been only the second Executive Director in 40 years. Danna Stansbury, previously Deputy Director, was named as Interim Executive Director before Joe left and served in that role throughout FY 2013. The Council Board named a search committee for the process of selecting a new Executive Director. With success for their diligent efforts, Justin Hembree, previously the Director of Local Government Services (LGS) for LOSRC, has been chosen as the new Executive Director, effective September 9, 2013.
- Other transitions occurring subsequent to his selection are the promotion of Erica Anderson from Regional Planner in LGS to Director of Local Government Services and a renaming and realigning of the Local Government Services Department to Economic and Community Development Department (ECD).
- The Council undertook a complete rebranding effort with a new logo and new mission statement. The new logo, with a bright, bold and beautiful mountain landscape focuses on the Land of Sky Regional Council image and sets the stage for the new mission statement. The message of the statement is modeled after the North Carolina Association of Regional Organizations’ mission and affirms:
  - “Our Mission is to provide creative regional solutions to relevant and emerging issues in Buncombe, Henderson, Madison and Transylvania counties while providing a standard of excellence in the delivery of federal, state and regional services for our member communities.”
- As part of ensuring that those who need our services have a better understanding of what

we offer as well as how to get our support, more opportunities within a fee for service model are developing. Council staff is working closely with our member governments to meet their needs with value added projects and products, providing interim staff, specific planning services and administrative support.

- The multi-year GroWNC project is completing its initial award period. Working together with broad representation throughout the region to create our future, a detailed plan with a variety of tools has been developed. It is time to implement projects that will assist our regional community to become an even better place for families to live and businesses to thrive.
- The merging of the State Departments for the Employment Security Commission with Workforce Development into the Department for Workforce Solutions has significantly affected the Mountain Area Workforce Development Board. The JobLink staff, previously housed at Asheville-Buncombe Technical Community College, is now co-located with Workforce Solutions and is located in the Asheville Career Center. Others of the Workforce Development staff have moved into the Council office space on Leicester Highway. Transitions continue as the NC Department of Commerce continues to improve North Carolina's workforce delivery system.
- The State Council of Government Funds Appropriation is no longer in the FY 14 budget. Other consolidations within the State Budget have impacted many State Agencies and funding mechanisms. The Council staff and Council Board are committed to ensuring that Land of Sky Regional Council serves as a local, state and national leader in developing and implementing creative regional solutions to better assist our local governments.

### **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](mailto:peggy@landofsky.org)

**Statement of Net Position  
For the Year Ended June 30, 2013**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and investments	\$ 888,932
Accounts and notes receivable	1,857,383
Total current assets	<u>2,746,315</u>
Capital assets, net of depreciation	
Office space and related improvements, net	1,979,355
Equipment and vehicles, net	88,487
	<u>2,067,842</u>
Total assets	<u>\$ 4,814,157</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 735,425
Accrued liabilities	738,131
Current portion of obligations under capital leases	62,691
Total current liabilities	<u>1,536,247</u>
Noncurrent liabilities	
Noncurrent portion of obligations under capital leases	1,962,694
Accrued vacation	226,197
Total noncurrent liabilities	<u>2,188,891</u>
Deferred inflows	<u>254,543</u>
Net position	
Investment in capital assets	42,457
Restricted	
Stabilized by state statute	617,348
Unrestricted	<u>174,671</u>
Total net position	<u>\$ 834,476</u>

-

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





**Balance Sheet - Governmental Funds  
For the Year Ended June 30, 2013**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b><u>Assets</u></b>			
Assets:			
Cash and investments	\$ 888,932	\$ -	\$ 888,932
Accounts receivable:			
Federal and state agencies	18,786	1,230,436	1,249,222
Local governmental agencies	3,012	45,473	48,485
Other	47,391	8,506	55,897
Note receivable from revolving loan program	-	503,779	503,779
Due from Special Revenue Fund	149,917	-	149,917
	<u>149,917</u>	<u>-</u>	<u>149,917</u>
Total assets	<u>\$ 1,108,038</u>	<u>\$ 1,788,194</u>	<u>\$ 2,896,232</u>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities			
Accounts payable and accrued liabilities	\$ 55,727	\$ 15,783	\$ 71,510
Due to sub recipients	1,200	701,930	703,130
Due to other governments	-	503,779	503,779
Accrued salaries	999	194,138	195,137
Accrued leave	81,420	-	81,420
Due to General Fund	-	149,917	149,917
Total liabilities	<u>139,346</u>	<u>1,565,547</u>	<u>1,704,893</u>
Deferred inflows	<u>31,896</u>	<u>222,647</u>	<u>254,543</u>
Fund balances:			
Stabilized by state statute	617,348	-	617,348
Assigned fund balance	-	-	-
Unrestricted fund balance	319,448	-	319,448
Total fund balances	<u>936,796</u>	<u>-</u>	<u>936,796</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,108,038</u>	<u>\$ 1,788,194</u>	<u>\$ 2,896,232</u>

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

**Balance Sheet - Governmental Funds  
For the Year Ended June 30, 2013**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>

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

Ending fund balances - governmental funds	\$ 936,796
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,067,842
Some liabilities, including capital lease obligations are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,251,582)</u>
Net position of governmental activities	<u><u>\$ 834,476</u></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, 2013

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal government	\$ -	\$ 8,193,216	\$ 8,193,216
State of North Carolina	8,000	2,299,073	2,307,073
Local governmental agencies and membership dues	439,020	1,188,883	1,627,903
Private	85,278	124,565	209,843
In-kind	1,250	581,775	583,025
Interest income	281	-	281
Other	30,028	100,937	130,965
Total revenue	<u>563,857</u>	<u>12,488,449</u>	<u>13,052,306</u>
Expenditures:			
Management and Business Operations	419,896	-	419,896
Economic and Community Development	-	2,357,378	2,357,378
Human Services	-	5,925,415	5,925,415
Environmental Protection	-	631,455	631,455
Workforce Development	-	2,499,719	2,499,719
Transportation	-	1,074,482	1,074,482
Total expenditures	<u>419,896</u>	<u>12,488,449</u>	<u>12,908,345</u>
Revenues over (under) expenditures	<u>143,961</u>	<u>-</u>	<u>143,961</u>
Other financing sources (uses):			
Proceeds from sale of assets	1,345	-	1,345
Appropriated fund balance	-	-	-
Leasehold improvements	-	-	-
Transfers from (to) other funds	-	-	-
	<u>1,345</u>	<u>-</u>	<u>1,345</u>
Net change in fund balances	<u>145,306</u>	<u>-</u>	<u>145,306</u>
Fund balances - beginning of year	791,490	-	791,490
Fund balances - ending of year	<u>\$ 936,796</u>	<u>\$ -</u>	<u>\$ 936,796</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013**

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

Net change in fund balances - total governmental funds	\$ 145,306
--	------------

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	43,834	
Depreciation expense for governmental assets	<u>(141,791)</u>	
		(97,957)

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 of principal payments made under capital lease obligations.	70,275
--	--------

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

Accrued leave earned during the current year not charged to programs	(12,464)
Difference between proceeds and gain on the sale of assets	<u>2,996</u>
Change in net assets of governmental activities	<u><u>\$ 108,156</u></u>

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

LAND-OF-SKY REGIONAL COUNCIL

Statement of Revenues, Expenditures and Changes in Fund Balances  
Annual Budget and Actual  
General and Annually Budgeted Major Special Revenue Funds  
For the Year Ended June 30, 2013

	General			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal government	\$ -	\$ -	\$ -	\$ -
State of North Carolina	8,000	8,000	8,000	-
Local governmental agencies and membership dues	65,395	353,188	439,020	85,832
Private	27,500	33,335	85,278	51,943
In-kind			1,250	1,250
Interest income	300	300	281	(19)
Miscellaneous	14,900	25,073	30,028	4,955
Total revenue	<u>116,095</u>	<u>419,896</u>	<u>563,857</u>	<u>143,961</u>
Expenditures:				
Local award and administrative services	116,095	419,896	419,896	-
Economic and Community Development	-	-	-	-
Human Services	-	-	-	-
Environmental Protection	-	-	-	-
Workforce Development	-	-	-	-
Transportation	-	-	-	-
Total expenditures	<u>116,095</u>	<u>419,896</u>	<u>419,896</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>143,961</u>	<u>143,961</u>
Other financing sources (uses):				
Gain (Loss) on sale of capital assets	-	-	1,345	1,345
Appropriated fund balance	-	-	-	-
Cost of leasehold improvements	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,345</u>	<u>1,345</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	145,306	<u>\$ 145,306</u>
Fund balances - beginning of year			791,490	
Fund balances - ending of year			<u>\$ 936,796</u>	

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

<b>Special Revenue</b>			
<b>Budget</b>			<b>Variance with</b>
<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
			<b>Positive</b>
			<b>(Negative)</b>
\$ 8,304,968	\$ 10,232,630	\$ 8,193,216	\$ (2,039,414)
2,403,405	2,760,259	2,299,073	(461,186)
1,075,159	1,103,284	1,188,883	85,599
100,737	993,849	124,565	(869,284)
666,186	911,068	581,775	(329,293)
-	-	-	-
-	-	100,937	100,937
<u>12,550,455</u>	<u>16,001,090</u>	<u>12,488,449</u>	<u>(3,512,641)</u>
-	-	-	-
2,281,884	3,383,899	2,357,378	1,026,521
5,693,657	6,177,127	5,925,415	251,712
571,918	813,528	631,455	182,073
982,698	2,197,326	1,074,482	1,122,844
<u>3,020,298</u>	<u>3,429,210</u>	<u>2,499,719</u>	<u>929,491</u>
<u>12,550,455</u>	<u>16,001,090</u>	<u>12,488,449</u>	<u>3,512,641</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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, 2013

	<u>Agency Funds</u>	<u>Private Purpose Trusts</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 26,089	\$ 8,276
Accounts receivable	-	-
	<u>\$ 26,089</u>	<u>\$ 8,276</u>
<b><u>Liabilities</u></b>		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
<b><u>Net Assets</u></b>		
Held in trust for other purposes	<u>\$ 26,089</u>	<u>\$ 8,276</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, 2013**

	<b>Private Purpose Trusts</b>
Additions	
Receipts	\$ 22,141
Deductions	
Pass-through expenses	<u>23,941</u>
Change in net assets	<u>(1,800)</u>
Net assets, beginning of year	<u>1,800</u>
Net assets, end of year	<u><u>\$ -</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, 2013

### 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 position 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 two 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, Deferred Inflows and Net Position/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:

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

**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, 2013 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.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*,

represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has no items that meet this criteria. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Council reports Deferred Inflows of resources from federal, state and local awards that have not been earned on June 30, 2013.

### **Net Position/Fund Balances**

Net position - in the government-wide and proprietary fund financial statements is classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents 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, 2013, is 46% 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, 2013, is 46% 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

### 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, 2013, the Council's deposits had a carrying amount of \$643,031 and a bank balance of \$1,302,729. Of the bank balance, \$250,000 was covered by federal depository insurance, the remaining balances were held in accounts with financial institutions qualifying as accounts covered by collateral held under the pooling method.

Cash on premises at year end totaled \$250.

**Investments** – At June 30, 2013, the Council had \$245,901 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAA by Standard and Poor's. The Council has no policy regarding credit risk.

**Capital Assets** – Capital asset activity for the year ended June 30, 2013, was as follows:

**Summary of Capital Assets, net of depreciation**

	<b>Balance</b>			<b>Balance</b>
	<b><u>July 01, 2012</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>June 30, 2013</u></b>
Governmental activity:				
Capital assets being depreciated:				
Building	\$ 2,479,685	\$ -	\$ -	\$ 2,479,685
Vehicles	21,815	34,116	-	55,931
Equipment	381,456	9,718	10,348	380,826
Total capital assets being depreciated	<u>2,882,956</u>	<u>43,834</u>	<u>10,348</u>	<u>2,916,442</u>
Less accumulated depreciation for:				
Building	402,400	97,930	-	500,330
Vehicles	20,000	4,660	-	24,660
Equipment	293,660	39,201	9,251	323,610
Total accumulated depreciation	<u>716,060</u>	<u>141,791</u>	<u>9,251</u>	<u>848,600</u>
Governmental activity capital assets, net	<u>\$ 2,166,896</u>	<u>\$ (97,957)</u>	<u>\$ 1,097</u>	<u>\$ 2,067,842</u>

Depreciation was charged to governmental functions as follows:

Administration	106,138
Aging	24,411
Planning and Development	9,630
Workforce Development	1,612
	<u>\$141,791</u>

**A. 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 12.74% of annual covered payroll of which the Council contributes 6.74% 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, 2013, 2012, and 2011 were \$174,978; \$161,502 and \$112,399 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. LGERS determined that, due to a surplus, employer contributions to the LGERS death benefit Plan are temporarily stopped. There is a temporary relief period from July 1, 2012 for three years through June 30, 2015. The employer contribution rate noted above, 6.74% reflects this temporary relief.

### **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, 2013, the Council did not have expenditures for postemployment.

*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, 2013 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 \$46,473; 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.

**Deferred Inflows** – Deferred inflows consists of revenue not yet earned 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, 2013:

	<b>General Fund</b>	<b>Special Revenue Fund</b>
Unearned grants	\$ 31,896	\$ 222,647

**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 plus a payment of \$500 at the end of the 25 year lease term. The lease requires semiannual payments of \$73,050 until the end of the lease term on May 16, 2033. Future minimum lease payments for lease obligations are as follows:

	<b><u>Building</u></b>
June 30, 2014	\$ 146,101
June 30, 2015	146,100
June 30, 2016	146,101
June 30, 2017	146,100
June 30, 2018	146,101
2019 through 2033	<u>2,377,435</u>
	3,107,938
Less: interest	<u>(1,082,553)</u>
Present value of minimum lease payments	2,025,385
Less: current portion	<u>(62,691)</u>
Lease obligations, less current portion	<u><u>\$ 1,962,694</u></u>

The following is a summary of changes in the Council's long-term obligations for the fiscal year ended June 30, 2013:

<b><u>Governmental Activity</u></b>	<b><u>Balance</u></b> <b><u>July 1, 2012</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2013</u></b>	<b><u>Current Portion</u></b> <b><u>Long Term Debt</u></b>
Capital lease, office space and leasehold improvements	\$ 2,086,801	\$ -	\$ 61,416	\$ 1,962,694	\$ 62,691
Capital lease, equipment	10,107	-	10,107	-	-
Capital lease, vehicle	-	-	-	-	-
Compensated absences	213,891	168,687	156,223	226,197	-
Total governmental activities	<u>\$ 2,310,799</u>	<u>\$ 168,687</u>	<u>\$ 227,746</u>	<u>\$ 2,188,891</u>	<u>\$ 62,691</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.	\$936,796
Less:	
Assigned Fund Balance	
Stabilized by State Statute	<u>617,348</u>
Remaining fund balance	<u>\$ 319,448</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These amounts have been included in stabilized by state statute calculations.

<i>Encumbrances</i>	<i>Special Fund</i>	<i>Non-Major Funds</i>
	\$500,562	\$0

**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.

#### **Note 5 – Change in Accounting Principles**

The Council implemented Governmental Accounting Standards Board (GASB) Statements 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and 65, Items Previously Reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Liabilities, Deferred Inflows of Resources, and Net Position.

**LAND-OF-SKY REGIONAL COUNCIL**

**Schedule of Fringe Benefits**

**For the Year Ended June 30, 2013**

	<u><u>FY 2013 Actual Costs</u></u>
<b>Total Annual Salaries</b>	<b>\$ 2,420,401</b>
FICA	\$ 185,161
LGERS Retirement	163,135
Supplemental Retirement	96,816
Group Insurance	449,434
Other Post Employment Benefits	27,570
Holiday Leave *	-
Annual Leave *	-
Sick Leave *	-
Workers Comp **	-
Unemployment Insurance	-
<b>Total Fringe Benefits</b>	<b>\$ 922,116</b>
 <b>Fringe Benefit Rate Calculation *</b>	
$\frac{\text{Total Fringe Benefits}}{\text{Total Annual Salaries}} = \frac{\$ 922,116}{\$ 2,420,401} \quad \mathbf{38.10\%}$	
Total Annual Salaries	\$ 2,420,401
Total Fringe Benefits	922,116
<b>Total Personnel Cost</b>	<b>\$ 3,342,517</b>

**\*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.**

**LAND-OF-SKY REGIONAL COUNCIL**

**Schedule Of Indirect Costs**

**For the Year Ended June 30, 2013**

	<b>FY 2013</b>	<b>FY 2013</b>	<b>FY 2013</b>
	<b>Total Indirect</b>	<b>A. Indirect</b>	<b>C. Indirect</b>
	<b>Actual Costs</b>	<b>Expenses</b>	<b>Expenses for all</b>
		<b>specific to</b>	<b>staff</b>
		<b>LOSRC Site</b>	<b>including MAWD</b>
Total Indirect Annual Salaries	\$ 398,014	\$ 68,200	\$ 329,814
Total Indirect Fringe Benefits at 38.25 % of Salary(includes part-time with lower FB rate)	144,973	25,984	118,989
Professional Services	48,406	18,968	29,438
Travel (and training)	27,822	-	27,822
Occupancy costs (depreciation, interest expense, utilities & maintenance)	327,054	327,054	-
Operating Expense	188,914	85,501	103,413
Contribution to Occupancy Costs	-	-	-
<b>Total Indirect Expenditures</b>	<b>\$ 1,135,183</b>	<b>\$ 525,707</b>	<b>\$ 609,476</b>

Total Personnel Costs	\$ 3,342,517
Less Total Indirect Salaries	(398,014)
Less Total Indirect Fringe Benefits	(144,973)
<b>Total Direct Salaries and Total Direct Fringe Benefits</b>	<b>\$ 2,799,530</b>
<b>B. MAWD staff, offsite, not including Occupancy Costs</b>	<b>\$ 625,561</b>
<b>A. All other Direct staff</b>	<b>2,173,969</b>
<b>C. Total Direct Salaries and Total Direct Fringe Benefits</b>	<b>\$ 2,799,530</b>

**Indirect Rate Calculation**

**LOSRC Site Specific**

A.	<u>LOSRC Site Specific Indirect Expenditures</u>	= \$ 525,707	<b>24.2%</b>
A.	<u>Total Direct Salaries and Total Direct Fringe Benefits</u>	\$ 2,173,969	

**LOSRC & MAWD without Occupancy and Site Support**

C.	<u>LOSRC &amp; MAWD Indirect Expenditures</u>	= \$ 609,476	<b>21.8%</b>
A.+ B.	<u>Total Direct Salaries and Total Direct Fringe Benefits</u>	\$ 2,799,530	

<b>A.+ C. Land-of-Sky Regional Council Indirect Rate</b>	<b>A.+ C.</b>	<b>46%</b>
<b>C. (LOSRC d/b/a) Mountain Area Workforce Development Indirect Rate</b>	<b>C.</b>	<b>21.8%</b>

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, Column A, as a portion of Land-of-Sky Indirect Cost, do not apply to MAWD.

Schedule of Indirect Costs  
For the Year Ended June 30, 2013

<u>Indirect costs allocated</u>	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
Local	410	899	342	633
Local Fundraising	412	4,871	1,875	3,138
ARC 2012	422	53,816	20,774	34,789
ARC 01/13-12/13	423	20,408	7,755	12,955
EDA 2012 - CEDS	432	24,080	9,348	15,613
EDA 2013	433	9,352	3,766	4,982
State Technical Assistance	440	9,758	3,765	6,305
COG fees-NC Tomorrow, Statewide CEDS	443	1,155	451	757
CDBG-NC Tomorrow, Statewide CEDS	444	22,342	8,671	14,403
Town of Black Mountain-TA	455	9,951	3,864	6,480
WIA-Administration	210	123,471	46,919	39,151
WIA Adult Services	220	143,271	54,443	45,957
WIA-Dislocated Worker Services	230	150,962	57,365	48,557
WIA-FY14 DW BusSvcs;FY13 Rapid Resp <6/30/1	232	23,171	8,805	7,661
WIA-Youth Services	240	12,430	4,723	4,268
MIPPA II (DAAS), yr 2	509	3,892	1,479	2,470
Aging - Planning	510	87,307	33,638	56,674
SB1559 Aging Funds P & A	511	22,811	8,952	15,029
Aging - Health Promotions	513	6,689	2,607	4,372
Family Caregiver Support	530	58,972	22,800	38,314
Lifespan Respite or PC carryover	533	2,164	822	1,373
Project CARE Admin	534	51,437	20,250	27,186
Bunc Co Minority Hlth Collaborative	546	6,034	2,337	3,916
Regional Ombudsman	550	128,818	49,940	84,560
Elder Abuse	551	3,202	1,237	2,076
Senior Community Service Employment Program	560	20,007	7,754	13,256
SCSEP-Local	561	1,651	642	814
RSVP (4/1/12 - 3/31/13~)	572	38,453	14,937	25,038
RSVP (4/1/13-3/31/14)	573	12,314	4,781	8,017
FGP	586	53,201	20,676	34,732
Senior Companions 9/30/11 - 9/29/12	592	13,225	5,160	8,654
Senior Companion FY 9/29/13	593	40,787	15,789	26,606
Liveable Communities Initiative	600	139,091	53,959	85,178
ARRA-USFS, WNC Forest Products Cooperative M	620	524	199	333
NCRC, New Generation Careers-MyPlaceInc	622	120	53	54
USDA Agriventures	623	11,495	4,435	7,430
CDBG Grantwriting	630	256	97	162
HendCo-NCRC Sierra Nevad, Private	637	3,847	1,491	2,499
HendCo-NCRC Sierra Nevada, Public	639	6,113	2,368	3,968
ARC II Energy	667	29,048	11,247	18,844
AdvantageWest - BioFuel Market Study	668	10,111	3,906	6,542
AdvWest - BioFuels (TVA settlement)	669	3,745	1,439	2,412
BRNHA Heritage-Linking Lands & Communities	690	2,257	878	1,473
PRF-Mountain Ridge Protection	691	74	28	100
PRF-Conservation Action Haywood-LLC	692	4,699	1,821	3,052
ARC Housing (Fed Yr 2012)	702	1,147	453	761
ARC Housing FYE 9/30/13	703	2,564	974	827

continued

**Schedule of Indirect Costs  
For the Year Ended June 30, 2013**

	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
CDBG Madison Co Scattered Site Admin	734	227	88	148
NCRC-Mars Hill Water Transmission (combination)	745	12,601	4,850	8,120
CDBG Marshall	751	326	127	213
CDBG-Brevard, Cottages @__	761	5,203	2,033	3,410
CDBG Henderson County (reimbursable exp/Contrac	771	374	145	243
Comm Dev TA, Fee for Service	772	5,481	2,095	3,504
Buncombe Co Fair Housing Plan Implementation T/	780	4,937	1,931	3,241
Clean Air Campaign	800	2,056	805	1,352
EPA-Reading, Riding Retrofit	801	4,882	1,871	3,130
ARRA-Triangle J-Carolina Blue Skies	803	23,866	9,329	15,651
DOE (CCOG) Electric Vehicle Planning-Mntn2Sea	805	17,932	6,814	10,128
Propane/Autogas Roadshow	806	212	82	137
CMAQ-DOT	810	1,965	764	1,281
Blue Ridge Parkway, Clean Cities	812	577	228	382
DOE-Clean Cities Designation	822	13,432	5,104	8,345
NCSU-DOE AFIT	824	2,781	1,095	1,843
MELC-Mobile Environmental Learning Ctr	830	3,615	1,374	2,295
Town of Waynesville SolidWaste Mngmnt Plan	834	3,475	1,387	2,335
RUS Solid Waste 9/30/12	842	7,028	2,733	4,582
RUS-Solid Waste 9/30/13	843	18,643	7,263	12,180
WRP-Triangle J-E3 (prev TJ#4810)	847	71	27	24
SEO Statewide Energy Assessments	849	17,175	6,483	5,814
DPPEA SWMTF WRP	850	8,726	3,316	4,978
DPPEA/WRP	851	5,666	1,220	3,037
Reg'l Water Authority, City of Asheville	853	369	140	234
WRP - Private Contributions	855	4,915	1,553	1,853
WRP-EPA Hospitality Industry TA	860	2,610	965	840
WRP-EPA HospitalityII	861	2,577	769	894
WRP RUS 17 Solid Waste	862	8,351	2,993	3,535
WRP RUS Solid Waste 9/30/13	863	7,382	1,955	3,450
WRP-USDA Energy Audit (REDA)	866	4,177	1,561	1,413
ARC Water TA 10/1/11-9/30/12	872	4,144	1,599	2,678
ARC Water 10/12-9/13	873	3,495	1,362	2,284
TVA-HWA Stormwater	876	314	123	206
Riverweek	880	1,654	657	1,106
EPA - Urban Waters	882	3,504	1,354	2,269
RPO	900	47,869	18,484	30,530
I-40 Rockslide Conf	901	555	211	353
US DOT Pipeline Safety	912	17,009	6,596	11,056
Regional Bike/Pedestrian Plan	920	55,787	21,619	36,227
Mountain Mobility Admin	930	132,132	51,180	85,755
French Broad River MPO	952	<u>188,300</u>	<u>72,843</u>	<u>121,756</u>
Total indirect expense allocation		<u>\$ 2,022,387</u>	<u>\$ 777,143</u>	<u>\$ 1,135,183</u>

Combining Statement of Fiduciary Net Assets - Fiduciary Funds  
Agency Funds

For the Year Ended June 30, 2013

	<u>CarolinaWest Inc</u>	<u>WNC Highway Corridors</u>	<u>Total Agency Funds</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 21,686	\$ 4,403	\$ 26,089
<b><u>Liabilities</u></b>			
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Net Assets</u></b>			
Held in trust for other purposes	<u>\$ 21,686</u>	<u>\$ 4,403</u>	<u>\$ 26,089</u>

**Operating Statement of Changes in Fiduciary Net Assets - Fiduciary I  
Agency Funds**

**For the Year Ended June 30, 2013**

	<u>Carolina West Inc</u>	<u>WNC Highway Corridors</u>	<u>Agency Funds</u>
Additions			
Receipts	\$ 7,500	\$ -	\$ 7,500
Deductions			
Pass-through expenses	<u>11,362</u>	<u>250</u>	<u>11,612</u>
Change in net assets	<u>(3,862)</u>	<u>(250)</u>	<u>(4,112)</u>
Net assets, beginning of year	<u>25,548</u>	<u>4,653</u>	<u>30,201</u>
Net assets, end of year	<u><u>\$ 21,686</u></u>	<u><u>\$ 4,403</u></u>	<u><u>\$ 26,089</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, 2013**

Schedule 4

	<b>General</b>		<b>Variance Positive (Negative)</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues:</b>			
Federal government	\$ -	\$ -	\$ -
State of North Carolina	8,000	8,000	-
Local governmental agencies and membership dues	64,380	255,991	191,611
Private	33,335	17,233	(16,102)
In-kind	-	1,250	1,250
Interest income	300	281	(19)
Other	25,073	26,957	1,884
Total revenue	131,088	309,712	178,624
<b>Expenditures:</b>			
Local services, including member government technical assistance	123,088	264,061	(140,973)
Host for Regional Brownfields Representative	8,000	8,000	-
ARC Administrative Assistance	-	-	-
Economic Development Administration	-	-	-
State Technical Assistance	-	-	-
CDBG-NC Tomorrow	-	-	-
HUD-OSHC Livable Communities Initiative	-	-	-
My Place, Inc match for NCRC New Generations Careers	-	-	-
NCRC New Generations Careers - My Place, Inc.	-	-	-
USDA - Agriventures	-	-	-
CFWNC - Agriventures	-	-	-
Henderson Co - NCRC Loan Admin, Sierra Nevada, Private	-	-	-
Henderson Co - NCRC Loan Admin, Sierra Nevada, Public	-	-	-
EPA BF Revolving Loan Funds	-	-	-
EPA Regional Brownfields Initiative RLF Administration	-	-	-
ARRA-EPA BF RLF Supplemental	-	-	-
A-B Tech, DOE, Business Surveys	-	-	-
ARC Clean Energy Econocmy Ph 2	-	-	-
NC BioFuels Center-AdvantageWest	-	-	-
AdvantageWest-TVA Settlement, P/T from NC BioFuels Center	-	-	-
Brownfields Conference Fund-Raising	-	-	-
BRNHA-LLC Outreach & Training	-	-	-
PRF-Mountain Ridge & Steep Slope Protection	-	-	-
PRF-Conservation Action Plan, Haywood LLC	-	-	-
ARC Housing 10/1/11-9/30/12 FY 13 #702	-	-	-
ARC Housing 10/1/12-9/30/13 FY 13 #703	-	-	-
CDBG-Madison Co Scattered Site Admin	-	-	-
CDBG-Madison Co Scattered Site, Svc Del	-	-	-
NCRC-Mars Hill, Clean Water Partners Suppl Ph II & III	-	-	-
CDBG-Marshall Infrastructure	-	-	-
NCRC-Marshall, Clean Water Partners Supplemental	-	-	-
NCRC-Marshall, Clean Water Partners Supp Ph II	-	-	-
CDBG-Brevard, Cottages	-	-	-
CDBG-Hendersonville, Contracted Svcs-Technical Asst	-	-	-
Madison & Transylvania Counties' CHAF	-	-	-

<b>Special Revenue</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
\$ 10,232,630	\$ 8,193,216	\$ (2,039,414)
2,760,259	2,299,073	(461,186)
1,103,284	1,188,883	85,599
993,849	124,565	(869,284)
911,068	581,775	(329,293)
-	-	-
-	100,937	100,937
16,001,090	12,488,449	(3,512,641)
61,491	62,010	(519)
-	-	-
210,108	180,631	29,477
94,426	80,066	14,360
20,506	20,506	-
48,000	48,000	-
1,224,033	688,212	535,821
8,000	8,814	(814)
100,000	110,454	(10,454)
134,250	25,193	109,057
25,000	-	25,000
10,169	7,962	2,207
15,529	13,193	2,336
748,109	485,531	262,578
260,872	299,064	(38,192)
92,854	92,854	-
8,296	3,156	5,140
99,618	99,618	-
22,000	21,067	933
25,600	7,816	17,784
7,535	-	7,535
4,773	4,773	-
874	202	672
10,000	10,000	-
4,317	4,317	-
6,750	6,750	-
17,780	17,231	549
24,500	2,824	21,676
49,772	36,916	12,856
4,572	4,572	-
1,000	-	1,000
20,814	-	20,814
11,451	11,451	-
7,485	780	6,705
3,415	3,415	-

**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, 2013**

Schedule 4

	<u>General</u>		<b>Variance Positive (Negative)</b>
	<u>Budget</u>	<u>Actual</u>	
Subtotal Economic and Community Development	131,088	272,061	(140,973)
Buncombe Co Supplemental Funds for Aging Services	-	-	-
Buncombe Co Aging Plan Special Event			
Mission Foundation - Fall Prevention	-	-	-
Buncombe Co Aging Plan	-	-	-
Aging-MIPPA, Ph 2, Year 1	-	-	-
Aging - Planning	-	-	-
SB1559 Aging Funds - P&A	-	-	-
Aging - Health Promotions	-	-	-
Aging-Health Assessment	-	-	-
Aging-CRC	-	-	-
Aging-Community Resource Connection, II (Implementation)	-	-	-
Aging-OLTS, MIPPA,Options,Local Agency	-	-	-
Aging-CRC/LCA	-	-	-
Aging - Services	-	-	-
Aging-Sr Center GP & OR	-	-	-
Aging-Fan&Heat Relief	-	-	-
Family Caregiver Support	-	-	-
FCSP event	-	-	-
FCSP-SCP Lifespan	-	-	-
Project CARE Admin Services	-	-	-
Project CARE Respite Services	-	-	-
CDSMP, Self-Sustaining	-	-	-
Buncombe Co Minority Health Collaborative	-	-	-
Regional Ombudsman	-	-	-
Elder Abuse	-	-	-
Sr Community Service Experience Program	-	-	-
SCSEP, Opportunity	-	-	-
Volunteer Svcs Fund-raising	-	-	-
RSVP FYE 3/31/13    FY 13 #572	-	-	-
RSVP FYE 3/31/14    FY 13 #573	-	-	-
Diabetes Screening	-	-	-
FGP FY 7/1 - 6/30	-	-	-
Sr. Companion FYE 09/29/12    FY 13 #592	-	-	-
Sr. Companion FYE 09/29/13    FY 13 #593	-	-	-
Subtotal Human Services	-	-	-
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	-	-	-
USDOE(NREL) BlueRidgePkway, AFV TA	-	-	-
DOE Clean Cities Program Support	-	-	-

<b>Special Revenue</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
3,383,899	2,357,378	1,026,521
508,595	508,595	-
2,000	1,948	52
3,584	1,868	1,716
34,671	34,671	-
17,416	13,699	3,717
249,441	235,686	13,755
48,262	48,261	1
35,494	35,490	4
5,000	-	5,000
30,876	30,876	-
2,287	2,029	258
16,058	7,205	8,853
45,831	45,831	-
2,965,640	2,895,182	70,458
52,234	52,231	3
4,913	4,913	-
235,331	235,329	2
2,158	1,285	873
23,000	24,600	(1,600)
226,165	211,947	14,218
119,697	65,331	54,366
2,532	955	1,577
22,406	22,406	-
315,175	306,009	9,166
8,554	8,551	3
227,267	238,961	(11,694)
10,588	6,750	3,838
6,091	2,545	3,546
124,771	142,054	(17,283)
47,570	27,770	19,800
2,500	273	2,227
391,431	346,520	44,911
97,660	88,387	9,273
291,929	277,257	14,672
6,177,127	5,925,415	251,712
12,404	11,048	1,356
16,251	16,251	-
97,880	58,355	39,525
32,298	32,298	-
2,000	435	1,565
6,264	6,264	-
5,000	1,378	3,622
43,500	43,500	-

**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, 2013**

Schedule 4

	<u>General</u>		<b>Variance Positive (Negative)</b>
	<u>Budget</u>	<u>Actual</u>	
NCSU-DOE AFIT Alternative Fuel Implementation			
NCDENR-Upfitting Recycling Education Vehicle	-	-	-
Mobile Education Center	-	-	-
Solid Waste Technical Assistance	-	-	-
RUS 17 - Solid Waste (LGS) 10/1/11 - 9/30/12	-	-	-
RUS 18 - Solid Waste (LGS) 10/1/12 - 9/30/13	-	-	-
WRP-TriJ, NCDENR E3	-	-	-
WRP-TriJ, NCDENR Solid Waste Mngmnt	-	-	-
WRP-SEO Statewide Energy Assessments	-	-	-
DPPEA SWMTF WRP	-	-	-
DPPEA/WRP	-	-	-
WRP - A/B Water Quality	-	-	-
WRP - Private Contributions	-	-	-
WRP - Buncombe Co Schools, Energy Efficiency TA	-	-	-
WRP - NCSU	-	-	-
WRP - Henderson Co Alternate Fuel Vehicles TA	-	-	-
WRP-EPA Hospitality Industry TA	-	-	-
WRP-EPA Hospitality Phase II	-	-	-
RUS 17 - Solid Waste (WRP) 10/1/11 - 9/30/12	-	-	-
RUS 18 - Solid Waste (WRP) 10/1/12 - 9/30/13	-	-	-
WRP-USDA Energy Audits & Renewable EnDev	-	-	-
WRP-TJCOG NCDENR-DAQ Energy Assmnt	-	-	-
ARC Water FYE 9/30/12 FY 13 #872	-	-	-
ARC Water FYE 9/30/13 FY 13 #873	-	-	-
TVA - Haywood Waterways Assoc-Stormwater Planning	-	-	-
Riverweek	-	-	-
EPA-Urban Waters	-	-	-
PRF-French Broad Stormwater Solutions	-	-	-
Subtotal Environmental Protection	-	-	-
Rural Transportation Planning Organization	-	-	-
I-40 Rockslide Conference, Pass-Through	-	-	-
USDOT-Pipeline Safety	-	-	-
Bicycle Maps	-	-	-
NCDOT-Regional Bike Plan	-	-	-
Buncombe Co Mountain Mobility, Admin Operations	-	-	-
Buncombe Co Mountain Mobility, Operations Revenue-Pass-Through	-	-	-
Buncombe Co Mountain Mobility R.I.D.E., Pass-Through	-	-	-
Bunc Co Transportation EDTAP, Pass-Through	-	-	-
French Broad River Metropolitan Planning Org.	-	-	-
Subtotal Transportation	-	-	-
Workforce Investment Act-Administration	-	-	-
WIA Special Activities PY2012	-	-	-
WIA Adult Program	-	-	-
WIA Dislocated Worker Program	-	-	-

<b>Special Revenue</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
7,500	7,500	-
25,000	25,000	-
22,433	21,098	1,335
7,417	7,417	-
14,611	14,611	-
40,912	40,912	-
13,000	5,758	7,242
13,000	12,038	962
91,800	70,345	21,455
20,000	20,000	-
20,000	20,000	-
15,000	15,000	-
35,569	51,395	(15,826)
2,000	1,503	497
4,000	-	4,000
6,045	973	5,072
15,530	15,530	-
22,000	13,511	8,489
17,843	17,843	-
40,912	40,912	-
81,159	28,287	52,872
1,500	-	1,500
8,525	8,525	-
13,875	7,839	6,036
652	652	-
6,398	5,916	482
49,250	9,361	39,889
2,000	-	2,000
<b>813,528</b>	<b>631,455</b>	<b>182,073</b>
104,625	104,625	-
2,437	3,213	(776)
37,500	37,500	-
256	-	256
168,468	138,539	29,929
297,246	297,246	-
704,400	-	704,400
13,000	17,430	(4,430)
35,495	37,783	(2,288)
833,899	438,146	395,753
<b>2,197,326</b>	<b>1,074,482</b>	<b>1,122,844</b>
260,377	229,396	30,981
40,000	40,000	-
905,301	686,523	218,778
943,844	718,557	225,287

**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, 2013**

Schedule 4

	<b>General</b>		<b>Variance Positive (Negative)</b>
	<b>Budget</b>	<b>Actual</b>	
WIA Contingency Funds	-	-	-
WIA Rapid Response	-	-	-
WIA IWP-EyeCare & additional clients			
WIA OJT PY2011			
WIA Youth Program	-	-	-
WIA Statewide Set Aside PY2011	-	-	-
	-	-	-
Total expenditures	<u>131,088</u>	<u>272,061</u>	<u>(140,973)</u>
Revenues over (under) expenditures	-	<u>37,651</u>	<u>37,651</u>
Other financing sources (uses):			
Funds from Capital Lease	-	-	-
Gain (Loss) on Sale of Assets	-	254	254
Appropriated Fund Balance	-	-	-
Leasehold improvements	-	-	-
Transfers from (to) other funds	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>37,905</u>	<u>\$ 37,905</u>
Fund balances - beginning of year		<u>791,490</u>	
Fund balances - ending of year		<u>\$ 829,395</u>	

**Special Revenue**

<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
77	77	-
288,107	166,474	121,633
15,378	6,448	8,930
200,000	2,113	197,887
726,126	602,323	123,803
50,000	47,808	2,192
3,429,210	2,499,719	929,491
16,001,090	12,488,449	3,512,641
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
	-	
	<b>\$ -</b>	

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Revenues and Expenditures by Type -**  
**All Governmental Funds**  
**For the Year Ended June 30, 2013**

Schedule 5

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal government	\$ -	\$ 8,193,216	\$ 8,193,216
State of North Carolina	8,000	2,299,073	2,307,073
Local governmental agencies and membership dues	439,020	1,188,883	1,627,903
Private	85,278	124,565	209,843
In-kind	1,250	581,775	583,025
Interest income	281	-	281
Other	30,028	100,937	130,965
Total revenue	<u>563,857</u>	<u>12,488,449</u>	<u>13,052,306</u>
Expenditures:			
Personnel - direct	22,783	2,328,484	2,351,267
Personnel - indirect/field	1,331	426,508	427,839
Fringe benefits	8,179	999,467	1,007,646
Telephone and postage	596	42,635	43,231
Travel - staff and committee	97	168,532	168,629
Rent	1,418	33,291	34,709
Utilities	47	14,577	14,624
Maintenance and repairs	2,449	65,933	68,382
Insurance (not payroll related)	1,221	8,098	9,319
Training and workshops	407	48,422	48,829
Supplies	4,446	72,312	76,758
Contractual	6,417	389,743	396,160
Dues and subscriptions	5,263	31,170	36,433
Printing	56	34,539	34,595
Advertising	130	25,841	25,971
Legal fees	-	-	-
Equipment and technology	270	89,870	90,140
Equipment - leased	81	30,061	30,142
Vehicle	-	34,116	34,116
Office Space & Leasehold Improvements-leased	-	-	-
Usage Allowance	254,374	7,360	261,734
Depreciation Expense	-	188,247	188,247
Board/Council expense	6,205	-	6,205
Other	32,315	33,634	65,949
	<u>348,085</u>	<u>5,072,840</u>	<u>5,420,925</u>
Debt service:			
Debt service - principal	70,275	-	70,275
Debt service - interest	286	88,635	88,921
	<u>70,561</u>	<u>88,635</u>	<u>159,196</u>
Other:			
In-kind	1,250	581,775	583,025
Loans-Revolving Loan Fund	-	392,634	392,634
Sub-Grants-Revolving Loan Fund	-	119,410	119,410
Subcontracted/pass-through	-	6,233,155	6,233,155
	<u>1,250</u>	<u>7,326,974</u>	<u>7,328,224</u>
Total expenditures	<u>419,896</u>	<u>12,488,449</u>	<u>12,908,345</u>
Revenues over (under) expenditures	<u>143,961</u>	<u>-</u>	<u>143,961</u>
Other financing sources (uses):			
Proceeds from capital lease	-	-	-
Gain (Loss) on sale of assets	1,345	-	1,345
Transfers from (to) other funds	-	-	-
	<u>1,345</u>	<u>-</u>	<u>1,345</u>
Net change in fund balances	<u>\$ 145,306</u>	<u>\$ -</u>	<u>\$ 145,306</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Land-of-Sky Regional Council, North Carolina (the Council), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Land-of-Sky Regional Council basic financial statements, and have issued our report thereon dated October 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's 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 those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Elizabeth Keel, PLLC*

Elizabeth Keel, PLLC

Certified Public Accountant

October 16, 2013

**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 Directors  
Land-of-Sky Regional Council  
Asheville, North Carolina 28806

**Report on Compliance for Each Major State Program**

We have audited the Land-of-Sky Regional Council (the Council), 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 Land-of-Sky Regional Council's major state programs for the year ended June 30, 2013. The Land-of-Sky Regional Council's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Land-of-Sky Regional Council's major state programs based on our audit of the types of compliance requirements referred to above. 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's 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 on compliance with each major state program. However, our audit does not provide a legal determination of Land-of-Sky Regional Council's compliance.

**Opinion on Each Major State Program**

In our opinion, the Land-of-Sky Regional Council 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, 2013.

## Report on Internal Control Over Compliance

Management of the Land-of-Sky Regional Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Council's 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. Accordingly, we do not express an opinion on the effectiveness of the Council's 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Elizabeth Keel, PLLC*

Elizabeth Keel, PLLC  
Certified Public Accountant  
October 16, 2013

**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 Directors  
Land-of-Sky Regional Council  
Asheville, North Carolina 28806

**Report on Compliance for Each Major Federal Program**

We have audited the Land-of-Sky Regional Council (the Council), 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 Land-of-Sky Regional Council's major federal programs for the year ended June 30, 2013. The Land-of-Sky Regional Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Land-of-Sky Regional Council's major federal programs based on our audit of the types of compliance requirements referred to above. 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's 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 on compliance with each major federal program. However, our audit does not provide a legal determination of Land-of-Sky Regional Council's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Land-of-Sky Regional Council 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, 2013.



## Report on Internal Control Over Compliance

Management of the Land-of-Sky Regional Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal 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. Accordingly, we do not express an opinion on the effectiveness of the Council's 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Elizabeth Keel, PLLC  
Certified Public Accountant  
October 16, 2013

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2013**

		<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
<b>U.S. Dept of Agriculture:</b>			
Rural Development Energy Audit Assistance	866	10.868	380110561024369 REAP
Rural Community Development Initiative - Agriventures	623	10.446	380110561024369-24
<i>Passed through Rural Development Administration</i>			
Solid Waste Management Program 2011-2012	842/862	10.761	380110561024369-21
Solid Waste Management Program 2012-2013	843/863	10.761	380110561024369-23
<b>Total 10.761</b>		<b>10.761</b>	
<i>Passed through NC Department of Health and Human Services</i>			
Food Distribution Program	520	10.570	NC-02
<b>Total U.S. Department of Agriculture</b>			
<b>U.S. Dept of Commerce:</b>			
<i>Economic Development Administration (EDA)</i>			
Planning Grant (other match previously reported as other awards), 1/1/12 - 12/3	432/433	11.302	04-83-06633
<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
<b>Total U.S. Department of Commerce</b>			
<b>U.S. Dept of Energy:</b>			
<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-RC
<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 NCSU - DOE AFIT</i>			
Alternative Fuel Implementation Team for North Carolina	824	81.086	2012-2899-03
<i>Contracted with National Renewable Energy Laboratory</i>			
ARRA-Propane Autogas Roadshow Series	806	81.086	
<b>Total 81.086</b>		<b>81.086</b>	
<b>Total U.S. Department of Energy</b>			
<b>U.S. Department of Health &amp; Human Services:</b>			
<i>Passed through N.C. Dept of Health and Human Services,</i>			
Title VII-B, Elder Abuse	551	93.041	12AANCT7SP
Title VII-E, Ombudsman	550	93.042	12AANCT7SP
Title III-F - Preventive Health 90%	513	93.043	12AANCT7SP
Title III--B	520	93.044	12AANCT7SP
Title III--B Legal	520	93.044	12AANCT7SP
Title III--B Ombudsman	550	93.044	12AANCT7SP
Title III--B Planning & Administration	510/511	93.044	12AANCT7SP
Title III--C1	510/520	93.045	12AANCT7SP
Title III--C2	520	93.045	12AANCT7SP
<b>Total Aging Cluster, 93.044 &amp; 93.045</b>		<b>93.044-.045</b>	
Family Caregiver Support	530	93.052	12AANCT7SP
Project CARE REACH OUT	534/535	93.052	
Title III--E	510/511	93.052	12AANCT7SP
<b>Total 93.052</b>		<b>93.052</b>	
MIPPA (Medicare Enrollment Assistance Program) AOA	509	93.518	109AANCMAAA

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
	\$ 27,637	\$ -	\$ 650	\$ 28,287
	25,193			
	32,454	-	-	32,454
	81,824	-	-	81,824
	<u>114,278</u>	<u>-</u>	<u>-</u>	<u>114,278</u>
	89,611	-	-	89,611
	<u>256,719</u>	<u>-</u>	<u>650</u>	<u>232,176</u>
	62,770	-	38,443	101,213
	32,298	-	-	32,298
	<u>95,068</u>	<u>-</u>	<u>38,443</u>	<u>133,511</u>
1	70,345	-	-	70,345
	58,355	-	-	58,355
	7,500	-	-	7,500
	435	-	-	435
	<u>66,290</u>	<u>-</u>	<u>-</u>	<u>66,290</u>
	<u>136,635</u>	<u>-</u>	<u>-</u>	<u>136,635</u>
	7,270	426	855	8,551
	22,693	1,335	31,488	55,516
	30,170	1,771	3,549	35,490
	644,260	1,283,472	-	1,927,732
	66,226	3,896	-	70,122
	211,024	39,469	-	250,493
	78,339	52,554	-	130,893
	329,883	19,131	57,449	406,463
	215,758	198,563	-	414,321
	<u>1,545,490</u>	<u>1,597,085</u>	<u>57,449</u>	<u>3,200,024</u>
	220,621	14,708	-	235,329
	14,298	-	-	14,298
	19,922	1,092	-	21,014
	<u>254,841</u>	<u>15,800</u>	<u>-</u>	<u>270,641</u>
	13,699	-		13,699

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2013**

		<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
SSBG-Respite	520	93.667	12AANCT7SP
Project CARE Respite	534/535		
Lifespan	533	93.725	90RA0041/02
Community Resource Connections, Aging and Disability Resource Center	517/518/515	93.779	NC-02
Local Contact Agency Funding 1/29/13	516	93.779	1LICMSO301700103
<b>Total U.S. Department of Health &amp; Human Services</b>			
<b>U.S. Department of Housing and Urban Development:</b>			
GroWNC, Office of Sustainable Housing & Communities	600	14.703	NCRIP0028-10
<i>Passed through N.C. Dept of Commerce, Division of Community Assistance</i>			
NC Tomorrow, Statewide CEDS, Madison Co Admin & Technical Asst	444	14.228	CDBG 11-C-2268
Brevard Cottages	761	14.228	CDBG 10-C-2209
Madison County Small Cities Housing Program	734/735	14.228	CDBG 11-C-2318
Marshall, Small Cities Infrastructure	751	14.228	CDBG 05-D-1751
<b>Total 14.228</b>		<b>14.228</b>	
<b>Total U.S. Department of Housing &amp; Urban Development</b>			
<b>U.S. Department of the Interior, National Park Service:</b>			
<i>Passed through Blue Ridge National Heritage Area, Inc</i>			
Green Infrastructure Outreach & Planning, Linking Lands & Communities	690	15.409	
<b>U.S. Department of Labor:</b>			
<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	
<b>Total Workforce Investment Act Cluster, 17.258,,259&amp;.278</b>		<b>17.258,,259,,279</b>	
<i>Passed through NC Dept of Health and Human Services,</i>			
Senior Community Service Experience Program	560/561	17.235	
<b>Total Department of Labor</b>			
<b>Appalachian Regional Commission:</b>			
2012 ARC Administrative Grant	422/440	23.009	NC-706-B-C39
2013 ARC Administrative Grant	423/440	23.009	NC-706-B-C40
<b>Total 23.009</b>		<b>23.009</b>	
Building Clean Energy Economy in Western North Carolina, Phase 2	667	20.009	NC-16543-C1-302-12
2011-2012 ARC Housing Specialist	702	23.011	CWP-12-B
2012-2013 ARC Housing Specialist	703	23.011	CWP-13-B
2011-2012 Watershed Protection TAP	872	23.011	CWP-12-B
2012-2013 Watershed Protection TAP	873	23.011	CWP-13-B
<b>Total 23.011</b>		<b>23.011</b>	
<b>Total Appalachian Regional Commission</b>			

<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
112,790	3,223		116,013
164,446	87,981	15,154	267,581
20,000	-	4,600	24,600
52,065	-	4,000	56,065
29,876	-	4,000	33,876
<u>2,253,340</u>	<u>1,707,621</u>	<u>121,095</u>	<u>4,082,056</u>
516,935	-	171,277	688,212
48,000	-	-	48,000
11,451	-	-	11,451
20,055	-	-	20,055
4,572	-	-	4,572
84,078	-	-	84,078
<u>601,013</u>	<u>-</u>	<u>171,277</u>	<u>772,290</u>
<u>4,773</u>	<u>-</u>	<u>-</u>	<u>4,773</u>
686,523	-	-	686,523
718,557	-	-	718,557
602,323	-	-	602,323
492,316	-	-	492,316
<u>2,499,719</u>	<u>-</u>	<u>-</u>	<u>2,499,719</u>
204,539	-	34,422	238,961
<u>2,704,258</u>	<u>-</u>	<u>34,422</u>	<u>2,738,680</u>
79,767	8,495	58,334	146,596
20,565	12,011	21,964	54,540
<u>100,332</u>	<u>20,506</u>	<u>80,298</u>	<u>201,136</u>
99,618	-	-	99,618
4,317	-	-	4,317
6,750	-	-	6,750
8,525	-	-	8,525
7,839	-	-	7,839
27,431	-	-	27,431
<u>227,381</u>	<u>20,506</u>	<u>80,298</u>	<u>328,185</u>

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2013**

		<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
<b>U.S. Department of Transportation, Federal Highway Administration:</b>			
US DOT Pipeline Safety	912	20.71	DTPH56-12G-PHPT08
<i>Passed through NC Department of Transportation</i>			
Congestion Mitigation and Air Quality	810	20.205	C-4948
<i>Passed through NC Department of Transportation, State Planning and Research/PL104(f) funds, WBS (39225.1.2)</i>			
French Broad Metropolitan Planning Organization	952	20.205-5	
Rural Transportation Planning Funds	900	20.205	
<b>Total 20.205</b>		<b>20.205</b>	
<b>Total Federal Highway Administration</b>			
<b>Environmental Protection Agency:</b>			
Reading, Riding, Retrofit-Schools Leading Way to Sustainability	801	66.041	AF-83454101
Urban Waters, Small Grants	882	66.440	UW-95496312
Destination Green, partnering with NC Div of Environmental Assistance & Outre	860	66.717	X9-95479811
Destination Green, partnering with NC Div of Environmental Assistance & Outre	861	66.717	X9-00D04312
<b>Total 66.717</b>		<b>66.717</b>	
ARRA-RBI, Supplemental Revolving Loan Fund	646	66.818	2B 95428409
Regional Brownfields Initiative, Revolving Loan Fund Admin	645	66.818	BF 96413504
<b>Total 66.818</b>		<b>66.818</b>	
<b>Total Environmental Protection Agency</b>			
<b>Corporation for National Service:</b>			
Retired Senior Volunteer	572	94.002	12SRSNC003
Retired Senior Volunteer	573	94.002	
Foster Grandparent/Senior Companion Cluster			
2012 Foster Grandparent	586	94.011	11GXSN001
2011-2012 Senior Companion Program	592	94.016	09SCSN004
2012-2013 Senior Companion Program	593	94.016	12SXSN004
<b>Total FGP/SCP Cluster</b>		<b>94.011-016</b>	
<b>Total Corporation for National Service</b>			
<b>State Programs:</b>			
NC General Assembly			
<i>Passed through North Carolina Rural Center:</i>			
New Generations Careers, My Place, Inc	622		
<i>Contracted for Administration and Technical Assistance with following jurisdictions:</i>			
Mars Hill, Clean Water Partners Supplemental, Phase II	745		2008-146-40101-112
Henderson County, Sierra Nevada, Private Infrastructure, Admin Technical A	637		
Henderson County, Sierra Nevada, Public Infrastructure, Admin Technical A:	639		

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
37,500	-	-	37,500
6,264	-	-	6,264
350,319	-	87,828	438,147
83,700	-	20,925	104,625
440,283	-	108,753	549,036
477,783	-	108,753	586,536
16,251	-	-	16,251
9,361	-	-	9,361
15,530	-	-	15,530
13,511	-	-	13,511
29,041	-	-	29,041
92,854	-	-	92,854
546,464	-	238,131	784,595
639,318	-	238,131	877,449
693,971	-	238,131	932,102
84,162	-	57,892	142,054
22,620	-	5,150	27,770
106,782	-	63,042	169,824
343,533	2,924	63	346,520
67,961	16,801	3,625	88,387
221,280	55,977	6,220	283,477
632,774	75,702	9,908	718,384
739,556	75,702	72,950	888,208
-	83,816	35,451	119,267
-	36,916	-	36,916
-	7,962	-	7,962
-	13,193	-	13,193
-	58,071	-	58,071

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2013**

	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
<b>State Programs, continued:</b>		
NC Department of Environment and Natural Resources		
Division of Environmental Assistance & Outreach		
Recycling Education Vehicle	829	4097
Division of Pollution Prevention & Environmental Assistance		
Waste Reduction Partners	850/851	1264
<i>Contracted with Triangle J Council of Governments</i>		
Waste Reduction Partners, E3 for Small Enterprises	847	4079
Waste Reduction Partners, Innovation Wste Reduction Technical Assistanc	848	4688
NC Brownfields Program Partnership for WNC	406	2275
NC Department of Health and Human Services		
Division of Aging and Adult Services		
Senior Center Development	521	NC-77
Fan/Heat Relief Program	522	NC-77
Division of Public Health, <i>through Buncombe County Department of Health</i>		
Chronic Disease Self-Manangement Program for Minority Populations	546	CN 854
NC Department of Transportation		
Bike & Pedestrian Plan	920	2373
Biofuels Center of North Carolina, <i>Contracted with AdvantageWest EDC</i>		
Accelerating the WNC Biofuels Industry	668	2012-227PS
Biofuels Center of North Carolina, <i>Contracted with AdvantageWest EDC</i>		
Planting the Seeds for a Robust WNC Biofuels Sector	669	2013-321
 <b>Total Federal and State Awards Expended</b>		

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
-	25,000	18,500	43,500
-	40,000	-	40,000
-	5,758	-	5,758
-	12,038	-	-
-	8,000	-	8,000
-	90,796	18,500	97,258
-	39,172	13,059	52,231
-	4,913	-	4,913
-	22,406	-	-
-	66,491	13,059	57,144
-	138,539	-	138,539
-	20,000	-	20,000
-	7,816	-	7,816
-	27,816	-	27,816
<u>\$ 8,190,497</u>	<u>\$ 2,269,358</u>	<u>\$ 933,029</u>	<u>\$ 11,333,247</u>

**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**

		CFDA #	Pass-through Grantor Number	Federal	Pass-through State Total	
Buncombe County (paid directly to providers by LOSRC as Lead Agency)	Title III B (Legal,Access,In-Home)	93.044	NC-02	413,932	772,412	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	86,091	5,064	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	65,903	60,651	
	SSBG- Respite	93.667	NC-02	68,450	1,956	
	Food Distribution	10.570	NC-02	28,704		
				<u>663,080</u>	<u>840,083</u>	1,503,163
Buncombe Co Council on Aging	MIPPA(Medicare Enrollment Assistance Prc	93.518		3,596		
	Local Contact Agency	93.791		30,637		
	LCA, Mitchell & Yancey	93.791		4,000		
	Family Caregiver Title III-E	93.052		18,750	1,250	
	Fan/Heat Relief	N/A			3,459	
				<u>56,983</u>	<u>4,709</u>	61,692
Asheville Area Parks & Rec	Senior Center Outreach	N/A		0		
	Senior Center Development	N/A		0	7,834	7,834
Town of Black Mountain	Senior Center Development	N/A			11,751	11,751
Henderson County (paid directly to providers per agreement with Henderson Co)	Title III B (Legal,Access,In-Home)	93.044	NC-02	207,189	301,512	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	16,774	987	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	125,314	115,327	
	SSBG - Respite	93.667	NC-02	21,890	626	
	Food Distribution	10.570	NC-02	39,252		
				<u>410,419</u>	<u>418,452</u>	828,871
Henderson Co Council on Aging	Senior Center Development	N/A				
	Local Contact Agency	93.791		13,204		
	Fan/Heat Relief	N/A			646	
	Family Caregiver Title III-E	93.052		13,341	889	
				<u>26,545</u>	<u>1,535</u>	28,080
Madison County	Title III B (Legal,Access,In-Home)	93.044	NC-02	37,002	78,292	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	79,831	4,696	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	16,342	15,039	
	SSBG - Respite	93.667	NC-02	7,240	207	
	Food Distribution	10.570	NC-02	14,716		
	Local Contact Agency	93.791		2,054		
	MIPPA(Medicare Enrollment Assistance Prc	93.518		2,261		
	Family Caregiver Title III-E	93.052		9,375	625	
	Senior Center Development	N/A			7,834	
	Fan/Heat Relief	N/A			242	
					<u>168,821</u>	<u>106,935</u>
Transylvania County	Title III B (Legal,Access,In-Home)	93.044	NC-02	52,362	135,151	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	79,299	4,664	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	8,198	7,545	
	SSBG - Respite	93.667		15,210	435	
	Food Distribution	10.570		6,938		
	Local Contact Agency	93.791		3,101		
	MIPPA(Medicare Enrollment Assistance Prc	93.518				
	Family Caregiver Title III-E	93.052		14,784	986	
				<u>179,892</u>	<u>148,781</u>	328,673
Transylvania County WCCA	Fan/Heat Relief	N/A	NC-02		566	
	Senior Center Outreach	N/A	NC-02			
	Senior Center Development	N/A	NC-02		11,753	
				<u>0</u>	<u>12,319</u>	12,319



**State Awards**

Internal control over major state programs:

Material weakness(es) identified? \_\_\_\_\_yes      X   no

Significant deficiencies identified

that are not considered to be

material weaknesses                    \_\_\_\_\_yes      X   none reported

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

Any audit findings disclosed that are required

to be reported in accordance with State

Single Audit Implementation Act?        \_\_\_\_\_yes      X   no

Identification of major state programs:

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

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**Section II. Financial Statement Findings**

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Findings: None

Significant Deficiencies: None

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**Section III. Federal Award Findings and Questioned Costs**

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Findings: None

Significant Deficiencies: None

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**Section IV. State Award Findings and Questioned Costs**

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Findings: None

Significant Deficiencies: None

**Summary Schedule of Prior Year Audit Findings**

**For the Year Ended June 30, 2013**

**2012**

There were no findings for the year ending June 30, 2012.

**2011**

There were no findings for the year ending June 30, 2011.

**2010**

There were to findings for the year ending June 30, 2010.