



FINANCIAL STATEMENTS  
Year Ended June 30, 2014

**Land-of-Sky Regional Council**  
**Asheville, North Carolina**  
**Council Members**  
**June 30, 2014**

Current Members at Financial Statement Release Date

<u>Name</u>	<u>Position</u>	<u>Jurisdiction</u>	<u>Position</u>
George Goosmann, III	Chair	Buncombe	Mayor Biltmore Forest
Charlie Landreth	2 <sup>nd</sup> Vice Chair	Brevard	Commissioner
Mike Hawkins	Secretary	Transylvania	Chairman
Wayne Brigman	Treasurer	Madison	Commissioner

Alternate Executive Members

John Mitchell	Alternate	Henderson	
Lawrence Ponder	Alternate	Madison	Mayor of Marshall
Brian Shelton	Alternate	Transylvania	

At-Large Executive Members

Brenda Mills	At-Large	Buncombe	
Simone Bouyer	At-Large	Madison	Minority Rep

Council Primary Members

<u>Name</u>	<u>County</u>	<u>City/Town</u>
Gene Knoefel	Buncombe	Weaverville
Barbara Volk	Henderson	Hendersonville
Dona Menella	Henderson	Laurel Park
Brian Reese	Madison	Hot Springs
John Chandler	Madison	Mars Hill
Billie Jean Haynie	Madison	Marshall
Rodney Locks	Transylvania	Minority Rep
Mark Burrows	Transylvania	
George Morosani	Buncombe	
Andrew Tate	Henderson	
Miranda DeBruhl	Buncombe	
Esther Manheimer	Buncombe	Asheville
Anne Coletta	Henderson	Flat Rock
Bob Davy	Henderson	Fletcher
Grady Hawkins	Henderson	
Letta Jean Taylor	Buncombe	Montreat
Ryan Stone	Buncombe	Black Mountain
Jerry VeHaun	Buncombe	Woodfin

Council Alternate Members

<u>Name</u>	<u>County</u>	<u>City/Town</u>
Jim Baker	Madison	
Steve Caraker	Henderson	Hendersonville
Jason Chappell	Transylvania	
Glen Englam	Henderson	
Debbie Giezentanner	Buncombe	Woodfin
Albert Gooch	Henderson	Flat Rock
Larry Harris	Buncombe	Black Mountain
Jonathan Kanipe	Buncombe	Biltmore Forest
Alison Melnikova	Henderson	Laurel Park
Aileen Payne	Madison	Marshall
Dottie Sherrill	Madison	Weaverville
Gwen Wisler	Buncombe	Asheville
Denise Braine	Buncombe	
Fran Cogburn	Buncombe	Biltmore Forest
Jack McCaskill	Buncombe	Montreat
Jason Young	Buncombe	Woodfin
Mark Biberdorf	Henderson	Fletcher
Daryhl Boone	Madison	Mars Hill
Joe Moore	Transylvania	Brevard

Program Representatives

Charles Dickens, Aging

Kathe Harris, Volunteer Services

**LAND-OF-SKY REGIONAL COUNCIL**  
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June 30, 2014

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*Elizabeth Keel Gomes, 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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Special Revenue Funds 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

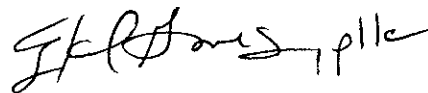
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Land-of-Sky Regional Council's basic financial statements. The budgetary schedules and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, 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 January 15, 2015 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 Gomes, pllc**  
Certified Public Accountant



January 15, 2015

**LAND-OF-SKY REGIONAL COUNCIL**  
**Management's Discussion and Analysis**  
June 30, 2014

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, 2014. 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 \$802,224 (net position).
- The Council's total net position decreased by \$32,252 as the Council finalized federal programs and invested in the development of local programs.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$963,668, an increase of \$26,872 in comparison with the prior year. Of this amount \$21,176 is restricted by state statute and the remaining \$942,492 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 federal, state and local awards the Council is formed to administer and from local government dues paid by participating members.

***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 is 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 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 are included in this report. Please refer to the table of contents for page numbers

**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, 2014 and 2013**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Current assets	\$ 2,278,764	\$2,422,027
Capital assets	1,978,584	2,067,842
Long term note receivable	972,190	324,288
Other assets	450	-
Total assets	<u>5,229,988</u>	<u>4,814,157</u>
Current liabilities	1,167,789	1,211,959
Long-term liabilities	3,046,898	2,513,179
Total liabilities	<u>4,214,687</u>	<u>3,725,138</u>
Deferred inflows	<u>213,077</u>	<u>254,543</u>
Net position:		
Invested in capital assets, net of related debt	15,889	42,457
Restricted	21,176	219,106
Unrestricted	765,159	572,913
Total net position	<u>\$ 802,224</u>	<u>\$ 834,476</u>

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 \$802,224 as of June 30, 2014. The Council's net position decreased by \$32,252 for the fiscal year ended June 30, 2014. State statutes restrict \$21,176 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 just less than 2% of net position and totals \$15,889. 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 \$765,159 is unrestricted.

**Table 2**  
**Condensed Statements of Activities**  
**For the years ending June 30, 2014 and 2013**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$7,816,373	\$ 6,028,661
Operating grants and contributions	4,878,702	6,713,057
General Revenues		
Local governmental dues	7,863	109,254
Grants and contributions not restricted to specific programs	392,485	14,475
Other revenues	(11,795)	34,369
Unrestricted investment earnings	69	281
Total revenues	<u>13,083,697</u>	<u>12,900,097</u>
Expenses:		
Governmental activities:		
Management and business operations	420,874	303,493
Economic and community development	2,587,237	2,357,378
Human services	5,650,610	5,925,415
Environmental protection	595,425	631,455
Workforce development	2,470,583	2,499,719
Transportation	1,391,220	1,074,481
Total expenses	<u>13,115,949</u>	<u>12,791,941</u>
Change in net position	<u>(32,252)</u>	<u>108,156</u>
Net position, July 1	<u>834,476</u>	<u>726,320</u>
Net position, June 30	<u>\$ 802,224</u>	<u>\$ 834,476</u>

**Governmental activities**

Governmental activities decreased the Council's net position by \$32,252. The current year decrease is the result of costs incurred to develop local contracts, to support economic development activities and invest in the work of member governments in its region. The Council has increased the services it provides to member governments and other organizations in its region, especially at the local level, not only in the area of workforce development but in all areas of government. This investment is hoped to create future income not only for the Council but for the region.

## 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.

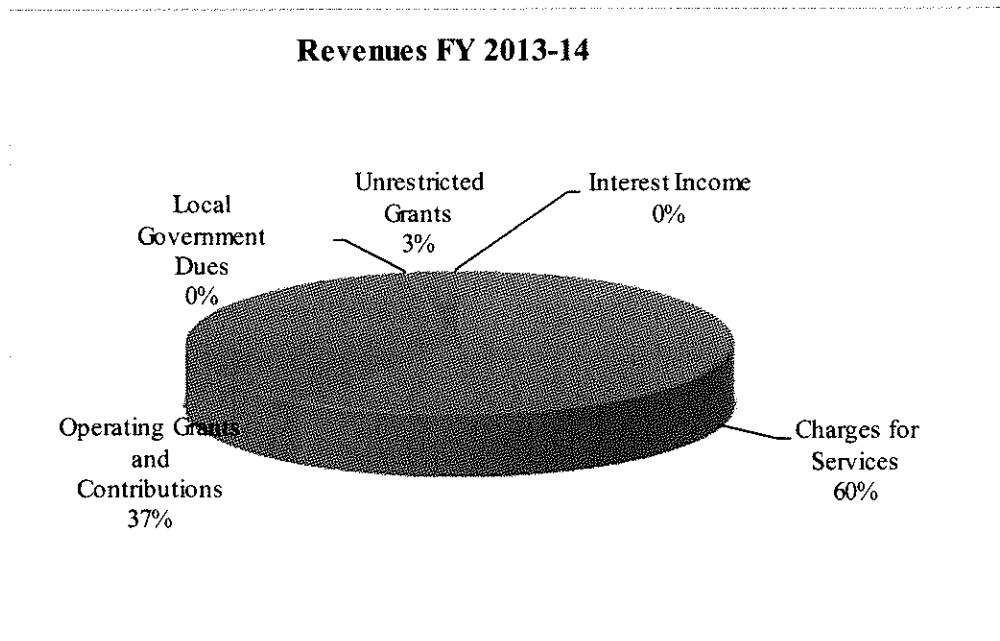
### Governmental Funds

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 \$963,668 of which, \$20,726 is stabilized by state statute and \$450 is nonspendable. 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 as well as local government membership dues. A schedule of indirect costs is included in the financial statements. At June 30, 2014 the governmental funds of the Council reported a total combined fund balance of \$963,668 representing a 3% increase over last year.

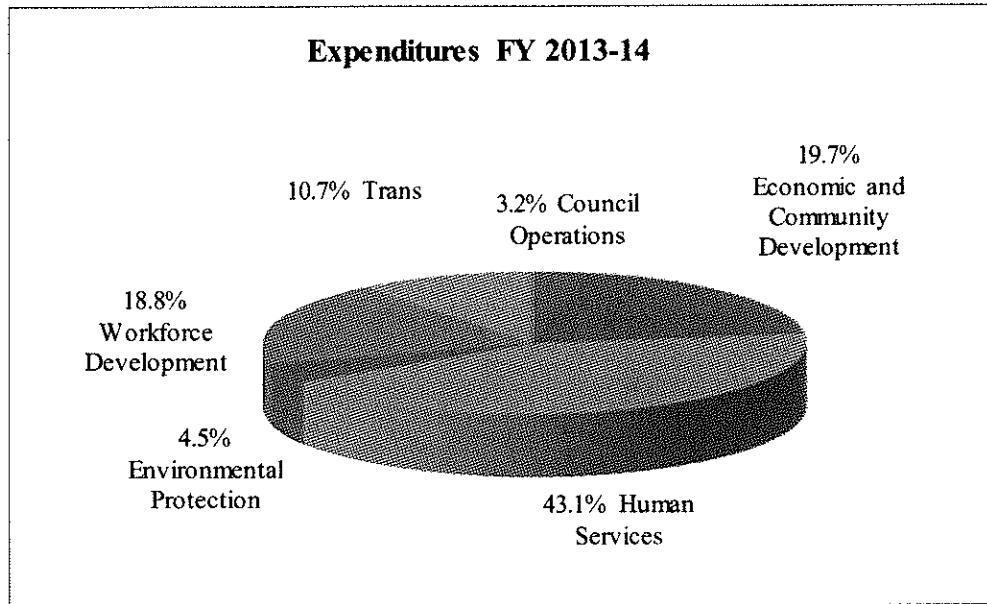
### Revenues

The Council continues to work in the area of economic development on projects that increase opportunities for service in all areas especially environmental protection and transportation planning.



### Expenditures

With the increases in Council award administration responsibilities, Council has experienced relatively minimal increases in operational costs. The following graph is an explanation of the allocation of total costs for the Council during 2014. Council operations account for only 3.2% of total expenditures.



### **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 \$39,583, while increasing expense by that same amount. As a result, there was no change in budgeted fund balance.

Amendments to the Special Revenue Fund increased budgeted revenues and expenditures by \$1,940,683. Significant disbursements of federal and state awards are as follows: Economic and Community Development Services - \$2,587,239, Human Services - \$5,650,610, Environmental Protection Services - \$595,424, Workforce Development - \$2,470,582 and Transportation Planning Services - \$1,391,220.

## Capital Asset and Debt Administration

### Capital assets.

The Council's capital assets for all governmental-type activities as of June 30, 2014, totals \$1,978,584 net of accumulated depreciation. These assets include office space and leasehold improvements, a hybrid car, office and computer equipment and software. Additional information on the Council's capital assets can be found in Note 3 of the Basic Financial Statements

**Table 3**  
**Summary of Capital Assets**  
**(Net of Depreciation)**  
**As of June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
Completed office space	\$ 1,888,416	\$1,979,355
Vehicle	25,585	31,271
Administrative equipment	64,583	57,216
Total	<u>\$ 1,978,584</u>	<u>\$2,067,842</u>

### Facilities Costs

As of June 30, 2014, the outstanding debt of the Council consisted of \$1,962,695 of capital leases related to the Council facilities. Of total outstanding debt, \$65,320 is included in current liabilities. Additional information on the Council's capital leases can be found in Note 3 of the Basic Financial Statements.

**Table 4**  
**Summary of Capital Leases**  
**As of June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
Capital leases		
Current portion	\$ 65,320	\$ 62,691
Long term portion	1,897,375	1,962,694
Total capital leases	<u>\$ 1,962,695</u>	<u>\$ 2,025,385</u>

## **Economic Factors and Next Year's Budgets and Rates**

- The Council contracted with a consulting firm, Evergreen Solutions, to conduct a comprehensive performance audit in order to identify areas where its operations could be improved and enhanced in terms of effectiveness and efficiency. The performance audit was accepted by the Council in March 2014 and an implementation plan was approved in April 2014. During the upcoming fiscal year, Council staff will work to implement recommendations outlined in the performance audit. This should greatly enhance the organization's operations and, in turn, result in long-term cost savings.
- The reorganization of the State's Community Development Block Grant Program through the North Carolina Department of Commerce and the North Carolina Department of Environment and Natural Resources has dramatically changed the manner in which these grants are awarded and distributed to the Council's member governments. Council staff and the North Carolina Association of Regional Councils continues to work with the Department of Commerce and Department of Environment and Natural Resources to implement policies that will ensure the continued support of our local governments through these funds.
- With reductions and reprioritization of State and Federal grant funds, the Council has increased its focus on fee-for-service activities. The Council expects to continue general planning and administration contracts with the Town of Marshall and Town of Black Mountain. Furthermore, several opportunities exist for fee-for-service activities, especially in the area of public transit; thus, reducing the Council's reliance on State and Federal grant funds.
- Due to the decrease in State and Federal grant funds, the Council has taken steps to eliminate positions that can no longer be supported in the Economic and Community Development Department. During 2014, staffing levels for the department were reduced by 3 FTEs. The Council will continue to monitor staffing levels to ensure the most effective and efficient use of limited resources in the Economic and Community Development Department.

## **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:

Vickie Thomas, Finance Officer  
Land-of-Sky Regional Council  
339 New Leicester Highway, Suite 140  
Asheville, NC 28806  
(828) 251-6622, fax (828) 251-6353

**LAND-OF-SKY REGIONAL COUNCIL**

Exhibit A

**Statement of Net Position  
For the Year Ended June 30, 2014**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Current assets	
Cash and investments	\$ 1,280,278
Accounts and notes receivable	998,486
Total current assets	<u>2,278,764</u>
Capital assets, net of depreciation	
Office space and related improvements, net	1,888,416
Equipment and vehicles, net	90,168
	<u>1,978,584</u>
Long term notes receivable	<u>972,190</u>
Other assets	<u>450</u>
Total assets	<u><u>\$ 5,229,988</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 834,692
Accrued liabilities	267,777
Current portion of obligations under capital leases	65,320
Total current liabilities	<u>1,167,789</u>
Noncurrent liabilities	
Noncurrent portion of obligations under capital leases	1,897,375
Due to the revolving loan fund	972,190
Accrued vacation	177,333
Total noncurrent liabilities	<u>3,046,898</u>
Deferred inflows	<u>213,077</u>
Net position	
Investment in capital assets	15,889
Restricted	
Stabilized by state statute	21,176
Unrestricted	<u>765,159</u>
Total net position	<u><u>\$ 802,224</u></u>

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





LAND-OF-SKY REGIONAL COUNCIL

**Balance Sheet - Governmental Funds  
For the Year Ended June 30, 2014**

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<b><u>Assets</u></b>			
Assets:			
Cash and investments	\$ 1,280,278	\$ -	\$ 1,280,278
Accounts receivable:			
Federal and state agencies	20,726	977,092	997,818
Local governmental agencies	-	667	667
Note receivable from revolving loan program	-	972,190	972,190
Other	450	-	450
Due from other funds	-	275,736	275,736
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,301,454</u>	<u>\$ 2,225,685</u>	<u>\$ 3,527,139</u>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities			
Accounts payable and accrued liabilities	\$ 28,863	\$ 22,172	\$ 51,035
Due to sub recipients	-	783,656	783,656
Due to other governments	-	972,190	972,190
Accrued salaries		267,777	267,777
Due to other funds	275,736	-	275,736
Total liabilities	<hr/> <u>304,599</u>	<hr/> <u>2,045,795</u>	<hr/> <u>2,350,394</u>
Deferred inflows			
Unearned revenue	<hr/> <u>33,187</u>	<hr/> <u>179,890</u>	<hr/> <u>213,077</u>
Fund balances:			
Nonspendable	450	-	450
Restricted for:			
Stabilized by state statute	20,726	-	20,726
Assigned fund balance			
Subsequent years expenditures	304,599	-	304,599
Unrestricted fund balance	637,893	-	637,893
Total fund balances	<hr/> <u>963,668</u>	<hr/> <u>-</u>	<hr/> <u>963,668</u>

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

**Balance Sheet - Governmental Funds  
For the Year Ended June 30, 2014**

	<u>Major Funds</u>		
	<u>General</u>	<u>Special</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Total liabilities, deferred inflows and fund balances	<u>\$ 1,301,454</u>	<u>\$ 2,225,685</u>	<u>\$ 3,527,139</u>

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

Ending fund balances - governmental funds	\$ 963,668
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,978,584
Some liabilities, including capital lease obligations are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,140,028)</u>
Net position of governmental activities	<u>\$ 802,224</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, 2014**

	<u>Major Funds</u>		
	<u>General</u>	<u>Special</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>
<b>Revenues:</b>			
Federal government	\$ -	\$ 8,271,397	\$ 8,271,397
State of North Carolina	8,000	1,713,498	1,721,498
Local governmental agencies and membership dues	373,720	1,404,073	1,777,793
Facilities and other income	7,863	-	7,863
Private	7,167	98,877	106,044
In-kind	-	1,207,230	1,207,230
Interest income	69	-	69
Total revenue	<u>396,819</u>	<u>12,695,075</u>	<u>13,091,894</u>
<b>Expenditures:</b>			
Management and Business Operations	369,947	-	369,947
Economic and Community Development	-	2,587,239	2,587,239
Human Services	-	5,650,610	5,650,610
Environmental Protection	-	595,424	595,424
Workforce Development	-	2,470,582	2,470,582
Transportation	-	1,391,220	1,391,220
Total expenditures	<u>369,947</u>	<u>12,695,075</u>	<u>13,065,022</u>
Revenues over (under) expenditures	<u>26,872</u>	<u>-</u>	<u>26,872</u>
<b>Other financing sources (uses):</b>			
Appropriated fund balance	-	-	-
Transfers from (to) other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>26,872</u>	<u>-</u>	<u>26,872</u>
Fund balances - beginning of year	<u>936,796</u>	<u>-</u>	<u>936,796</u>
Fund balances - ending of year	<u>\$ 963,668</u>	<u>\$ -</u>	<u>\$ 963,668</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014**

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

Net change in fund balances - total governmental funds	\$	26,872
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Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.

Capital outlay expenditures which were capitalized	58,602	
Depreciation expense for governmental assets	<u>(134,947)</u>	(76,345)

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 position.

This amount is the total of principal payments made under capital lease obligations.	65,319
--	--------

Charges to programs for accrued leave represent revenues in the governmental funds, but a liability on the when calculating net position.

Change in accrued leave	<u>(48,098)</u>
Change in net position of governmental activities	<u><u>\$ (32,252)</u></u>

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, 2014

	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 awards and membership dues	269,130	306,190	373,720	67,530
Facilities and other income	14,900	14,900	7,863	(7,037)
Private	22,500	25,023	7,167	(17,856)
In-kind	-	-	-	-
Interest income	300	300	69	(231)
Total revenue	<u>314,830</u>	<u>354,413</u>	<u>396,819</u>	<u>42,406</u>
Expenditures:				
Local award and administrative services	314,830	354,413	369,947	15,534
Economic and Community Development	-	-	-	-
Human Services	-	-	-	-
Environmental Protection	-	-	-	-
Workforce Development	-	-	-	-
Transportation	-	-	-	-
Total expenditures	<u>314,830</u>	<u>354,413</u>	<u>369,947</u>	<u>(15,534)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>26,872</u>	<u>26,872</u>
Other financing sources (uses):				
Appropriated fund balance	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	26,872	<u>\$ 26,872</u>
Fund balances - beginning of year			936,796	
Fund balances - ending of year			<u>\$ 963,668</u>	

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

<b>Special Revenue</b>			
<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>(Negative)</b>
\$ 8,038,834	\$ 9,425,123	\$ 8,271,397	\$ (1,153,726)
2,130,848	2,424,372	1,713,498	(710,874)
1,162,216	1,166,901	1,404,073	237,172
-	-	-	-
135,400	281,594	98,877	(182,717)
501,106	611,097	1,207,230	596,133
-	-	-	-
<u>11,968,404</u>	<u>13,909,087</u>	<u>12,695,075</u>	<u>(1,214,012)</u>
-	-	-	-
1,446,155	2,298,980	2,587,239	288,259
5,638,374	5,865,254	5,650,610	(214,644)
475,236	710,851	595,424	(115,427)
3,185,104	3,369,745	2,470,582	(899,163)
1,223,535	1,664,257	1,391,220	(273,037)
<u>11,968,404</u>	<u>13,909,087</u>	<u>12,695,075</u>	<u>(1,214,012)</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 Position - Fiduciary Funds  
For the Year Ended June 30, 2014

	<u>Agency Funds</u>	<u>Private Purpose Trusts</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 25,305	\$ 10,035
Accounts receivable	-	600
	<u>25,305</u>	<u>10,635</u>
<b><u>Liabilities</u></b>		
Accounts payable	<u>-</u>	<u>-</u>
<b><u>Net Position</u></b>		
Held in trust for other purposes	<u>\$ 25,305</u>	<u>\$ 10,635</u>

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



**LAND-OF-SKY REGIONAL COUNCIL**

Exhibit G

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2014**

	<u>Private Purpose Trusts</u>
Additions	
Receipts	\$ 23,289
Deductions	
Pass-through expenses	<u>20,930</u>
Change in net assets	<u>2,359</u>
Net position, beginning of year	<u>8,276</u>
Net position, end of year	<u><u>\$ 10,635</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, 2014

### 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:

<u>Asset Class</u>	<u>Years</u>
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, 2014 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, 2014.

### **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, 2014, 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, 2014, 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 – Stewardship, Compliance and Accountability**

#### **Excess of Expenditures over Appropriations**

Council expenditures exceeded appropriations at the legal level of budgetary control in both the General Fund and Special Revenue Fund.

The General Fund over expenditures happened at year end and are not material to the Council’s financial position.

The Special Revenue over budget circumstance happened because information, related to certain in-kind expenditures, incurred close to the year end, was not available to be included in the final budget presented to the Board. In-kind expenditures are non-cash expenditures that have no consequence to results of operations or to financial position.

The Council will work to address the circumstances that led to budget differences when adopting a revised budget.

### **Note 3 – Detail Notes on All Funds**

#### **Assets**



**Deposits** – All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

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, 2014, the Council's deposits had a carrying amount of \$653,582 and a bank balance of \$917,141. 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.

In addition to these cash amounts, \$25,305 is held in the Council operating account for programs where the Council serves as fiscal agent, and \$10,035 is held under the terms of the Council's Section 125 cafeteria plan.

**Investments** – At June 30, 2014, the Council had \$626,446 invested with the North Carolina Capital Management Trust. Of these amounts with the NCCMT, \$426,434 are held as securities in the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund and are valued at fair value, which is the NCCMT's share price. The NCCMT Cash Portfolio carries a credit rating of AAAM by Standard and Poor's. The Council has \$200,212 held in the NCCMT Term Portfolio. These securities are also valued at fair value. The Term Portfolio duration is less than three months. The Term Portfolio is not rated. The Council has no policy regarding credit risk. The following schedule reconciles these disclosures to the Statement of Net Position:

	<u>Exhibit A</u>
Cash in operating accounts	\$ 653,582
Cash held with NCCMT	626,446
Cash held on site	250
	<u>\$ 1,280,278</u>

**Receivables** – The Council participates in a revolving loan fund sponsored by the Environmental Protection Agency seeking to clean sites identified under the Brownfield program. The revolving loan fund lends to qualified entities who then work with the EPA to bring the site into environmental standards. The loans receivable were initially termed over five years at a stated rate of 1% with a balloon at the end of the term in the amount of \$914,102. However, during the subsequent period, the entity refinanced the debt. The following is a schedule of the loan receivable:

Schedule of Revolving Loan Program Receivable

	<u>Loan One</u>	<u>Loan Two</u>	<u>Loan Three</u>	<u>Total</u>
2013				
Draws of principal	\$ 329,000	\$ -	\$ -	\$ 329,000
Add: Interest earned	-	-	-	-
Less: Payments of principal	(4,712)	-	-	(4,712)
Balance June 30, 2013	<u>\$ 324,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,288</u>
2014				
Beginning balance	\$ 324,288	\$ -	\$ -	\$ 324,288
Draws of principal	-	260,000	396,000	656,000
Add: Interest earned	-	-	1,126	1,126
Less: Payments of principal	(8,604)	(620)	-	(9,224)
Balance June 30, 2014	<u>\$ 315,684</u>	<u>\$ 259,380</u>	<u>\$ 397,126</u>	<u>\$ 972,190</u>

**Capital Assets** – Capital asset activity for the year ended June 30, 2014, was as follows:

Summary of Capital Assets, net of depreciation

	<u>Balance July 01, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Governmental activity:				
Capital assets being depreciated:				
Building	\$ 2,479,685	\$ 12,249	\$ 8,553	\$ 2,483,381
Vehicles	55,931	-	-	55,931
Equipment	<u>380,826</u>	<u>46,353</u>	<u>113,022</u>	<u>314,157</u>
Total capital assets being depreciated	<u>2,916,442</u>	<u>58,602</u>	<u>121,575</u>	<u>2,853,469</u>
Less accumulated depreciation for:				
Building	500,330	97,834	3,199	594,965
Vehicles	24,660	5,686	-	30,346
Equipment	<u>323,610</u>	<u>31,427</u>	<u>105,463</u>	<u>249,574</u>
Total accumulated depreciation	<u>848,600</u>	<u>134,947</u>	<u>108,662</u>	<u>874,885</u>
Governmental activity capital assets, net	<u>\$ 2,067,842</u>	<u>\$ (76,345)</u>	<u>\$ 12,913</u>	<u>\$ 1,978,584</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 13.07% of annual covered payroll of which the Council contributes 7.07% 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, 2014, 2013, and 2012 were \$171,617; \$174,978 and \$161,502 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, 7.07% 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, 2014, 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 prior 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, 2014:

	<b>General Fund</b>	<b>Special Revenue Fund</b>
Unearned grants	<u>\$ 33,187</u>	<u>\$ 179,890</u>

**Long-Term Obligations -**

In January of 2008, the Council entered into a financing agreement with Buncombe County for the purpose of acquiring the office space at 339 Leicester Crossing. The lease origination amount is for the entire acquisition of the property 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, 2015	\$ 146,101
June 30, 2016	146,100
June 30, 2017	146,101
June 30, 2018	146,100
June 30, 2019	146,101
2020 through 2033	<u>2,168,644</u>
	2,899,147
Less: interest	<u>(936,452)</u>
Present value of minimum lease payments	1,962,695
Less: current portion	<u>(65,320)</u>
Lease obligations, less current portion	<u><u>\$ 1,897,375</u></u>

Changes in long-term obligations for the fiscal year ended June 30, 2014:

<b><u>Governmental Activity</u></b>	<b><u>Balance</u></b>			<b><u>Balance</u></b>
	<b><u>July 1, 2013</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>June 30, 2014</u></b>
Long term portion of facilities lease	\$ 1,962,694	\$ -	\$ 65,319	\$ 1,897,375
Current portion of long term debt	62,691	2,629	-	65,320
Total facilities lease balance	<u>2,025,385</u>	<u>2,629</u>	<u>65,319</u>	<u>1,962,695</u>
Accrued leave	226,197	93,090	141,954	177,333
Total debt related to capital transactions	<u>\$ 2,251,582</u>	<u>\$ 95,719</u>	<u>\$ 207,273</u>	<u>\$ 2,140,028</u>
Long term portion of lease	\$1,962,694	\$ -	\$ 65,319	1,897,375
Long term RLF program note	324,288	657,126	9,224	972,190
Obligation for accrued leave	226,197	93,090	141,954	177,333
Long term debt	<u>\$2,513,179</u>	<u>\$ 750,216</u>	<u>\$ 216,497</u>	<u>\$ 3,046,898</u>
Current portion of long term debt	<u>\$ 62,691</u>			<u>\$ 65,320</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	\$ 963,668
Less:	
Nonspendable	450
Assigned to address accounts payable	304,599
Stabalized by state statute	<u>20,726</u>
Unavailable for budgeting purposes	<u>325,775</u>
Remaining fund balance	<u>\$ 637,893</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>Encumbrances</i>	<i>Special Revenues</i>	<i>Non-Major Funds</i>
	\$283,155	\$0

**Note 4 – 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 5 – 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 6 – Subsequent Events**

Subsequent to year end, on December 1, 2014, the revolving loan receivable was refinanced with the Council and the United States Environmental Protection Agency to call for monthly payments of \$5,050 beginning in January of 2017 and continuing for a 40 year term at an interest rate of 1%. An amortization schedule is included in the loan document providing for interest over the life of the loan of \$116,321.

**LAND-OF-SKY REGIONAL COUNCIL**

**Schedule of Fringe Benefits**

**For the Year Ended June 30, 2014**

	<u><b>FY 2014 Actual Costs</b></u>	
<b>Total Annual Salaries (Full Benefits)</b>	<b>\$ 2,393,776</b>	
FICA	\$ 183,124	
LGERS Retirement, 7.07%	169,240	
Supplemental Retirement	95,751	
Group Insurance	444,651	
Other Post Employment Benefits	28,838	
Holiday Leave *	-	
Annual Leave *	-	
Sick Leave *	-	
Workers Comp **	-	
Unemployment Insurance ***	-	
<b>Total Fringe Benefits</b>	<b>\$ 921,604</b>	
 <b>Fringe Benefit Rate Calculation *</b>		
<u>Total Fringe Benefits</u>	= \$ 921,604	<b>38.50%</b>
Total Annual Salaries	<u>\$ 2,393,776</u>	
Total Annual Salaries	\$ 2,393,776	
Total Fringe Benefits	<u>921,604</u>	
<b>Total Personnel Cost</b>	<b>\$ 3,315,380</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.**

**\*\*\* NC Legislature changed status of Local Government Employers Unemployment Insurance 7/1/13, from non-charging to paying into SUTA. Additional SUTA charged direct to program due to varying bases.**



## LAND-OF-SKY REGIONAL COUNCIL

## Schedule Of Indirect Costs

For the Year Ended June 30, 2014

	FY 2014	FY 2014	FY 2014
	Total Indirect	A. Indirect	C. Indirect
	Actual Costs	Expenses	Expenses for all
		specific to	staff
		LOSRC Site	including MAWD
Total Indirect Annual Salaries	\$ 398,295	\$ 44,378	\$ 353,917
Total Indirect Fringe Benefits at 38.2 % of Salary(includes part-time at lower FB rate)	151,941	17,086	134,855
Professional Services	24,873	-	24,873
Travel (and training)	19,992	-	19,992
Occupancy costs (depreciation, interest expense, utilities & maintenance)	241,970	241,970	-
Operating Expense	256,435	161,644	94,791
Contribution to Occupancy Costs	(21,000)	-	(21,000)
<b>Total Indirect Expenditures</b>	<b>\$ 1,072,506</b>	<b>\$ 465,078</b>	<b>\$ 607,428</b>

Total Personnel Costs	\$ 3,315,380
Less Total Indirect Salaries	(398,295)
Less Total Indirect Fringe Benefits	(151,941)

**Total Direct Salaries and Total Direct Fringe Benefits** \$ 2,765,144

B. MAWD staff, LOSRC offsite staff, not including Occu \$ 828,396

A. All other Direct staff 1,936,748

**C. Total Direct Salaries and Total Direct Fringe Benefits** \$ 2,765,144

## Indirect Rate Calculation

## LOSRC Site Specific

A.	LOSRC Site Specific Indirect Expenditures	= \$ 465,078	24.0%
A.	Total Direct Salaries and Total Direct Fringe Benefits	\$ 1,936,748	

## LOSRC &amp; MAWD without Occupancy and Site Support

C.	LOSRC & MAWD Indirect Expenditures	= \$ 607,428	22.0%
A.+ B.	Total Direct Salaries and Total Direct Fringe Benefits	\$ 2,765,144	

**A.+ C. Land-of-Sky Regional Council Indirect Rate** **A.+ C. 46%**

Note: LOSRC d/b/a Mountain Area Workforce Development is housed offsite, at Asheville-Buncombe Technical College. Some Waste Reduction Partner and Project CARE staff are also offsite at other facilities per negotiated agreements. These programs pay 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 and some WRP and Project CARE staff.

## LAND-OF-SKY REGIONAL COUNCIL

## Schedule Of Indirect Costs

For the Year Ended June 30, 2014

	FY 2014	FY 2014	FY 2014
	Total Indirect	A. Indirect	C. Indirect
	Actual Costs	Expenses	Expenses for all
		specific to	staff
		LOSRC Site	including MAWD
Total Indirect Annual Salaries	\$ 398,295	\$ 44,378	\$ 353,917
Total Indirect Fringe Benefits at 38.2 % of Salary(includes part-time at lower FB rate)	151,941	17,086	134,855
Professional Services	24,873	-	24,873
Travel (and training)	19,992	-	19,992
Occupancy costs (depreciation, interest expense, utilities & maintenance)	241,970	241,970	-
Operating Expense	256,435	161,644	94,791
Contribution to Occupancy Costs	(21,000)	-	(21,000)
<b>Total Indirect Expenditures</b>	<b>\$ 1,072,506</b>	<b>\$ 465,078</b>	<b>\$ 607,428</b>

Total Personnel Costs	\$ 3,315,380
Less Total Indirect Salaries	(398,295)
Less Total Indirect Fringe Benefits	(151,941)
<b>Total Direct Salaries and Total Direct Fringe Benefits</b>	<b>\$ 2,765,144</b>

B. MAWD staff, LOSRC offsite staff, not including Occu	\$ 828,396
A. All other Direct staff	1,936,748
<b>C. Total Direct Salaries and Total Direct Fringe Benefits</b>	<b>\$ 2,765,144</b>

## Indirect Rate Calculation

## LOSRC Site Specific

A.	LOSRC Site Specific Indirect Expenditures	= \$ 465,078	<b>24.0%</b>
A.	Total Direct Salaries and Total Direct Fringe Benefits	\$ 1,936,748	

## LOSRC &amp; MAWD without Occupancy and Site Support

C.	LOSRC & MAWD Indirect Expenditures	= \$ 607,428	<b>22.0%</b>
A.+ B.	Total Direct Salaries and Total Direct Fringe Benefits	\$ 2,765,144	

**A.+ C. Land-of-Sky Regional Council Indirect Rate      A.+ C.      46%**

Note: LOSRC d/b/a Mountain Area Workforce Development is housed offsite, at Asheville-Buncombe Technical College. Some Waste Reduction Partner and Project CARE staff are also offsite at other facilities per negotiated agreements. These programs pay 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 and some WRP and Project CARE staff.

## LAND-OF-SKY REGIONAL COUNCIL

**Schedule of Indirect Costs  
For the Year Ended June 30, 2014**

<u>Indirect costs allocated</u>	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
Local	410	7,943	3,200	5,023
Local Fundraising	412	1,656	638	1,055
ARC LDD Admin01/13-12/13	423	47,263	18,776	30,794
ARC LDD Admin01/14-12/14	424	32,100	14,786	21,701
EDA 2013	433	13,617	5,842	8,701
EDA 2014	434	23,357	7,786	13,171
Town of Black Mountain-TA	455	1,241	478	790
Town of Marshall - TA	456	6,359	2,440	4,159
	474	8,230	3,391	5,243
WIA-Administration	210	130,405	50,491	40,494
	211	562	216	171
WIA Adult Services	220	162,947	61,132	50,079
WIA-Dislocated Worker Services	230	153,039	57,298	47,057
	236	32,983	13,191	10,059
WIA-Youth Services	240	14,380	5,568	4,385
Aging-Community Support-BCCAN	502	23	9	15
Aging-Community Support	505	102	39	65
Aging - Planning	510	90,261	34,975	62,499
SB1559 Aging Funds P & A	511	23,546	9,112	14,999
Aging - Health Promotions	513	9,394	3,631	5,985
Family Caregiver Support	530	56,902	22,282	36,264
	531	247	95	158
Project CARE C&C	533	7,196	3,192	4,103
Project CARE Admin	534	59,715	27,130	18,305
REACH Admin	536	30,102	15,099	14,606
Regional Ombudsman	550	130,089	50,390	83,027
Elder Abuse	551	2,841	1,091	1,803
Senior Community Service Employment Program	560	16,702	5,668	10,705
SCSEP-Local	561	2,901	1,059	1,756
Vol Svcs Community Support	574	272	162	173
RSVP (4/1/13-3/31/14)	573	43,685	16,948	27,827
RSVP (4/1/14-3/31/15)	575	11,416	4,488	7,280
FGP	586	53,863	20,776	34,315
Senior Companion FY 9/29/13	593	12,756	5,434	8,125
Senior Companion FY 9/29/14	594	42,219	16,714	26,831
Liveable Communities Initiative	600	136,626	53,611	80,137
NCRC, New Generation Careers-MyPlaceInc	622	909	399	543
USDA Agriventures	623	20,902	8,099	13,350
	624	3,542	1,363	2,257
	626	8,433	3,250	5,374
CDBG Grantwriting	630	2,100	811	1,339
HendCo-NCRC Sierra Nevad, Private	637	1,033	411	698
HendCo-NCRC Sierra Nevada, Public	639	873	350	639
	664	6,759	2,019	3,647
AdvantageWest - BioFuel Market Study	668	327	126	209
AdvWest - BioFuels (TVA settlement)	669	6,045	2,366	3,850
	671	656	253	418
	675	2,402	926	1,530

continued

## LAND-OF-SKY REGIONAL COUNCIL

**Schedule of Indirect Costs  
For the Year Ended June 30, 2014**

	<u>Program</u>	<u>Direct Salaries</u>	<u>Fringe Benefits</u>	<u>Actual Indirect Contribution</u>
	676	14,009	5,787	7,052
	680	2,700	1,037	1,720
PRF-Mountain Ridge Protection	691	332	128	212
ARC Housing FYE 9/30/13	703	767	292	488
	710	1,848	707	1,271
	720	6,251	2,441	3,982
CDBG Madison Co Scattered Site Admin	734	2,689	1,253	1,076
	735	1,511	582	963
NCRC-Mars Hill Water Transmission (combination)	745	6,243	2,401	3,570
CDBG-Brevard, Cottages @___	761	7,881	3,025	5,020
Comm Dev TA, Fee for Service	772	1,555	599	991
Buncombe Co Fair Housing Plan Implementation T/	780	4,142	1,557	2,527
Clean Air Campaign	800	1,651	631	1,052
ARRA-Triangle J-Carolina Blue Skies	803	16,910	7,111	12,521
Propane/Autogas Roadshow	806	1,374	446	875
CMAQ-DOT	810	6,113	2,037	3,896
Blue Ridge Parkway, Clean Cities	812	758	265	483
DOE-Clean Cities Designation	822	96	24	61
NCSU-DOE AFIT	824	21,341	8,025	13,481
REV-Recycling Education Vehicle	830	675	259	429
RUS-Solid Waste 9/30/13	843	6,413	2,470	4,086
RUS-Solid Waste 9/30/14	844	17,590	7,463	11,211
SEO Statewide Energy Assessments	349	20,694	8,060	6,525
DPPEA SWMTF WRP	350	6,458	2,449	4,113
DPPEA/WRP	351	2,585	381	8,647
WRP-EPA HospitalityII	361	4,504	1,728	1,373
WRP RUS 17 Solid Waste	362	323	118	206
WRP RUS Solid Waste 9/30/13	363	17	10	11
WRP RUS Solid Waste 9/30/14	364	6,412	2,358	3,812
WRP-USDA Energy Audit (REDA)	366	4,679	1,894	1,427
ARC Water 10/12-9/13	873	4,905	1,908	3,544
Riverweek	880	1,643	632	1,047
EPA - Urban Waters	882	15,783	6,092	10,066
	883	7,201	2,715	4,587
RPO	900	51,246	19,733	32,648
I-40 Rockslide Conf	901	457	176	291
US DOT Pipeline Safety	912	6,074	2,333	3,869
BikeMap	915	126	49	80
Regional Bike/Pedestrian Plan	920	8,733	3,412	5,563
Mountain Mobility Admin	930	137,692	53,385	87,729
French Broad River MPO	952	164,779	63,579	104,287
Total indirect expense allocation		<u>\$ 1,988,081</u>	<u>\$ 777,063</u>	<u>\$ 1,072,506</u>

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

**For the Year Ended June 30, 2014**

	<b>Carolina West <u>Inc</u></b>	<b>WNC Highway <u>Corridors</u></b>	<b>Total Agency <u>Funds</u></b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 21,285	\$ 4,020	\$ 25,305
Accounts receivable	-	-	-
	<u>21,285</u>	<u>4,020</u>	<u>25,305</u>
<b><u>Liabilities</u></b>			
Accounts payable	-	-	-
<b><u>Net Position</u></b>			
Held in trust for other purposes	<u>\$ 21,285</u>	<u>\$ 4,020</u>	<u>\$ 25,305</u>

**Combining Statement of Changes in Fiduciary Net Position - Fiduciary Fund  
Agency Funds**

**For the Year Ended June 30, 2014**

	<u>CarolinaWest Inc</u>	<u>WNC Highway Corridors</u>	<u>Agency Funds</u>
Additions			
Receipts	\$ 6,286	\$ -	\$ 6,286
Deductions			
Pass-through expenses	<u>6,687</u>	<u>383</u>	<u>7,070</u>
Change in net position	<u>(401)</u>	<u>(383)</u>	<u>(784)</u>
Net position, beginning of year	<u>21,686</u>	<u>\$ 4,403</u>	<u>26,089</u>
Net position, end of year	<u>\$ 21,285</u>	<u>\$ 4,020</u>	<u>\$ 25,305</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, 2014**

Schedule 4

		<u>General</u>		<u>Variance</u>
		<u>Budget</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
	Federal government	\$ -	\$ -	\$ -
	State of North Carolina	8,000	8,000	-
	Local governmental agencies and membership dues	306,190	373,720	67,530
	Facilities and other income	14,900	7,863	(7,037)
	Private	25,023	7,167	(17,856)
	In-kind	-	-	-
	Interest income	300	69	(231)
	Total revenue	<u>354,413</u>	<u>396,819</u>	<u>42,406</u>
<b>Expenditures:</b>				
	Local services			
	Council operations	346,413	361,947	(15,534)
	Host for Regional Brownfields Representative	8,000	8,000	-
	Subtotal for local services	<u>354,413</u>	<u>369,947</u>	<u>(15,534)</u>
501	Buncombe County Supplemental Funds for Aging Services	-	-	-
502	Buncombe County Aging Plan Special Event	-	-	-
505	Mission Foundation - Fall Prevention	-	-	-
508	Buncombe Co Aging Plan	-	-	-
509	Aging-MIPPA	-	-	-
510	Aging - Planning	-	-	-
511	SB1559 Aging Funds - P&A	-	-	-
513	Aging - Health Promotions	-	-	-
514	Aging-Health Assessment	-	-	-
515	LGBT-Health Promotions	-	-	-
516	Aging-CRC	-	-	-
520	Aging - Services	-	-	-
521	Aging-Sr Center GP & OR	-	-	-
522	Aging-Fan&Heat Relief	-	-	-
530	Family Caregiver Support	-	-	-
531	FCSP event	-	-	-
533	Project CARE, donations and carryover	-	-	-
534	Project CARE Admin Services	-	-	-
535	Project CARE Respite Services	-	-	-
536	Project CARE-REACHOUT Admin/Respite	-	-	-
537	Project CARE-REACHOUT Admin/Respite	-	-	-
545	CDSMP, Self-Sustaining	-	-	-
546	Buncombe Co Minority Health Collaboration	-	-	-
547	Buncombe Co Minority Health Collaboration - Year 3	-	-	-
550	Regional Ombudsman	-	-	-
551	Elder Abuse	-	-	-
552	CAC - Buncombe County	-	-	-
560	Sr Community Service Experience Program	-	-	-
561	SCSEP, Opportunity	-	-	-
573	Volunteer Svcs Fund-raising	-	-	-
574	RSVP FYE 3/31/14    FY 14 #573	-	-	-
575	RSVP FYE 3/31/15    FY 14 #575	-	-	-
586	FGP FY 7/1 - 6/30	-	-	-

	Special Revenue		
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Federal government	\$ 9,425,123	8,271,397	\$ (1,153,726)
State of North Carolina	2,424,372	1,713,498	(710,874)
Local governmental agencies and membership dues	1,166,901	1,404,073	237,172
Facilities and other income	-	-	-
Private	281,594	98,877	(182,717)
In-kind	611,097	1,207,230	596,133
Interest income	-	-	-
Total revenue	<u>13,909,087</u>	<u>12,695,075</u>	<u>(1,214,012)</u>
<b>Expenditures:</b>			
Local services			
Council operations	-	-	-
Host for Regional Brownfields Representative	-	-	-
Subtotal for local services	<u>-</u>	<u>-</u>	<u>-</u>
Buncombe County Supplemental Funds for Aging Services	508,595	508,194	401
Buncombe County Aging Plan Special Event	1,369	858	511
Mission Foundation - Fall Prevention	8,018	4,691	3,327
Buncombe Co Aging Plan	34,671	34,671	-
Aging-MIPPA	20,463	9,960	10,503
Aging - Planning	230,344	223,177	7,167
SB1559 Aging Funds - P&A	48,262	48,261	1
Aging - Health Promotions	33,301	33,300	1
Aging-Health Assessment	5,000	-	5,000
LGBT-Health Promotions	1,042	150	892
Aging-CRC	62,000	62,000	-
Aging - Services	2,917,766	2,841,950	75,816
Aging-Sr Center GP & OR	51,729	51,906	(177)
Aging-Fan&Heat Relief	4,925	5,090	(165)
Family Caregiver Support	206,543	206,542	1
FCSP event	856	500	356
Project CARE, donations and carryover	32,965	17,575	15,390
Project CARE Admin Services	139,161	103,315	35,846
Project CARE Respite Services	-	35,844	(35,844)
Project CARE-REACHOUT Admin/Respite	90,634	80,979	9,655
Project CARE-REACHOUT Admin/Respite	-	9,654	(9,654)
CDSMP, Self-Sustaining	2,584	754	1,830
Buncombe Co Minority Health Collaboration	22,722	22,722	-
Buncombe Co Minority Health Collaboration - Year 3	3,750	2,707	1,043
Regional Ombudsman	299,828	307,309	(7,481)
Elder Abuse	7,372	7,370	2
CAC - Buncombe County	500	500	-
Sr Community Service Experience Program	196,713	194,895	1,818
SCSEP, Opportunity	7,532	6,357	1,175
Volunteer Svcs Fund-raising	10,382	5,650	4,732
RSVP FYE 3/31/14 FY 14 #573	124,081	132,802	(8,721)
RSVP FYE 3/31/15 FY 14 #575	47,018	33,305	13,713
FGP FY 7/1 - 6/30	370,394	339,353	31,041



**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, 2014**

			<u>General</u>		<u>Variance</u>
			<u>Budget</u>	<u>Actual</u>	<u>Positive</u>
					<u>(Negative)</u>
593	Sr. Companion FYE 09/29/13	FY 14 #593	-	-	-
594	Sr. Companion FYE 09/29/14	FY 13 #594	-	-	-
	Subtotal Human Service		-	-	-
348	Triangle J ENR		-	-	-
349	WRP SEO Energy Assessments		-	-	-
350	WRP DPPEA SWMTF		-	-	-
351	WRP DPPEA		-	-	-
353	WRP AVL Regional Water		-	-	-
354	WRP SEO Energy Mentoring		-	-	-
355	WRP Private Contribution		-	-	-
359	WRP Hendersonville		-	-	-
361	WPA EPA Phase 2		-	-	-
362	WRP EPA Source Reductions		-	-	-
363	WRP RUS		-	-	-
364	WRP RUS Solid Waste		-	-	-
366	WRP USDA/REDA		-	-	-
369	WRP TJCOG DAQ		-	-	-
800	Clean Air Campaign		-	-	-
803	AARA Triangle J Clean Cities		-	-	-
806	Propane Auto Gas Radio		-	-	-
810	CMAQ-DOT		-	-	-
812	Blue Ridge Parkway		-	-	-
820	SEO Clean Cities		-	-	-
822	DOE Clean Cities		-	-	-
824	NCSU DOE AFIT		-	-	-
830	Recycling Education Vehicle		-	-	-
843	RUS Solid Waste 2013		-	-	-
844	RUS Solid Waste		-	-	-
873, 874	ARC Water		-	-	-
880	Riverweek		-	-	-
882	EPA Urban Waters		-	-	-
883	PRF French Broad Stormwater		-	-	-
	Subtotal Environmental Protection		-	-	-
423, 424	ARC Administrative Assistance		-	-	-
433,434	Economic Development Administration		-	-	-
455/456	State Technical Assistance		-	-	-
474	ARC Technical Assistance		-	-	-
600	HUD-OSHC Livable Communities Initiative		-	-	-
605	NC Sustainable Energy Assoc (DOE) Technical Assistance		-	-	-
621	My Place, Inc Match for NCRC New Generations Careers		-	-	-
622	NCRC New Generations Careers - My Place, Inc.		-	-	-
623	USDA - Agriventures		-	-	-
624	CFWNC - Agriventures		-	-	-
626	ARC-Growing Local		-	-	-
630	CDBG Grantwriting		-	-	-
637	Henderson Co - NCRC Loan Admin, Sierra Nevada, Private		-	-	-
639	Henderson Co - NCRC Loan Admin, Sierra Nevada, Public		-	-	-

			<b>Special Revenue</b>		
			<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
	Sr. Companion FYE 09/29/13	FY 14 #593	97,229	71,099	26,130
	Sr. Companion FYE 09/29/14	FY 13 #594	277,505	247,170	30,335
<b>Subtotal Human Service</b>			<b>5,865,254</b>	<b>5,650,610</b>	<b>214,644</b>
	Triangle J ENR		-	4,041	(4,041)
	WRP SEO Energy Assessments		92,655	95,401	(2,746)
	WRP DPPEA SWMTF		20,000	20,000	-
	WRP DPPEA		20,000	20,000	-
	WRP AVL Regional Water		15,000	15,000	-
	WRP SEO Energy Mentoring		5,000	3,000	2,000
	WRP Private Contractor		13,039	7,027	6,012
	WRP Hendersonville		4,000	102	3,898
	WPA EPA Phase 2		16,489	16,489	-
	WRP EPA Source Reductions		13,350	9,278	4,072
	WRP RUS		13,637	13,637	-
	WRP RUS Solid Waste		45,000	44,465	535
	WRP USDA/REDA		53,000	29,281	23,719
	WRP TJCOG DAQ		25,000	35,649	(10,649)
	Clean Air Campaign		6,425	5,122	1,303
	AARA Triangle J		49,525	49,525	-
	Propane Auto gas Radio		4,565	4,565	-
	CMAQ-DOT		39,000	15,775	23,225
	Blue Ridge Parkway		3,622	1,654	1,968
	SEO Clean Cities		30,000	20,264	9,736
	DOE Clean Cities		30,000	19,928	10,072
	NCSU DOE AFIT		37,500	37,500	-
	Recycling Education Vehicle		12,838	2,525	10,313
	RUS Solid Waste 2013		13,637	13,637	-
	RUS Solid Waste		37,500	37,500	-
	ARC Water		10,661	10,661	-
	Riverweek		6,769	6,304	465
	EPA Urban Waters		60,639	42,029	18,610
	PRF French Broad Stormwaterr		32,000	15,065	16,935
<b>Subtotal Environmental Protection</b>			<b>710,851</b>	<b>595,424</b>	<b>115,427</b>
	ARC Administrative Assistance		180,804	180,804	-
	Economic Development Administration		94,760	84,760	10,000
	State Technical Assistance		47,252	47,244	8
	ARC Technical Assistance		22,125	22,125	-
	HUD-OSHC Livable Communities Initiative		591,555	1,024,798	(433,243)
	NC Sustainable Energy Assoc (DOE) Technical Assistance		4,000	-	4,000
	My Place, Inc match for NCRC New Generations Careers		1,935	1,935	-
	NCRC New Generations Careers - My Place, Inc.		16,364	16,184	180
	USDA - Agriventures		198,974	62,469	136,505
	CFWNC - Agriventures		50,000	22,785	27,215
	ARC-Growing Local		120,000	94,590	25,410
	CDBG Grantwriting		3,500	4,250	(750)
	Henderson Co - NCRC Loan Admin, Sierra Nevada, Private		2,207	2,207	-
	Henderson Co - NCRC Loan Admin, Sierra Nevada, Public		2,336	2,336	-

**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, 2014**

Schedule 4

		<u>General</u>		<u>Variance</u>
		<u>Budget</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
643-645	EPA Regional Brownfields Initiative RLF	-	-	-
662	A-B Tech, DOE, Business Surveys	-	-	-
664	AdvWest NCDA&CS, Planning	-	-	-
668	NC BioFuels Center-AdvantageWest	-	-	-
669	AdvantageWest-TVA Settlement, P/T from NC BioFuels Center	-	-	-
671	APEX Brownfields Technical Assistance	-	-	-
675	Lenoir Brownfields Technical Assistanc	-	-	-
676	Brownfields Revolving Loan Funds Tech. Asst. - DeKalb Co GA	-	-	-
680	Brownfields Conference Fund-Raising	-	-	-
691	PRF-Mountain Ridge & Steep Slope Protection	-	-	-
703, 704	ARC Housing 10/1/12-9/30/13 FY 14 #703	-	-	-
710	City of Asheville, Fair Housing Implementation Plan	-	-	-
720	CDBG-Henderson Co Catalyst, Dodd-Meadows	-	-	-
734	CDBG-Madison Co Scattered Site Admin	-	-	-
735	CDBG-Madison Co Scattered Site, Svc Del	-	-	-
745	NCRC-Mars Hill, Clean Water Partners Suppl Ph II & III	-	-	-
754,755	Marshall Clean Water	-	-	-
761	CDBG-Brevard, Cottages	-	-	-
772	Community Dev/Housing Rehab Fee for Service	-	-	-
780	Bunc. Co Fair Housing Implementation Plan Tech Assistance	-	-	-
	Subtotal Economic and Community Development	-	-	-
900	Rural Transportation Planning Organization	-	-	-
901	I-40 Rockslide Conference, Pass-Through	-	-	-
912	USDOT-Pipeline Safety	-	-	-
915	Bicycle Maps	-	-	-
920	NCDOT-Regional Bike Plan	-	-	-
930	Buncombe Co Mountain Mobility, Admin Operations	-	-	-
931	Buncombe Co Mountain Mobility, Operations Rev-Pass-Through	-	-	-
932, 933	Buncombe Co Mountain Mobility R.I.D.E., Pass-Through	-	-	-
935	Bunc Co Transportation EDTAP, Pass-Through	-	-	-
952	French Broad River Metropolitan Planning Org.	-	-	-
	Subtotal Transportation	-	-	-
210	Workforce Investment Act-Administration	-	-	-
220, 221,222	WIA Adult Program	-	-	-
230,231,232	WIA Dislocated Worker Program	-	-	-
236	WIA OJT PY2011	-	-	-
237	WIA IWP	-	-	-
240	WIA Youth Program	-	-	-
	Subtotal Workforce Development	-	-	-
	Total expenditures	354,413	369,947	(15,534)
	Revenues over (under) expenditures	-	26,872	26,872
	Net change in fund balances	\$ -	26,872	\$ 26,872
	Fund balances - beginning of year		936,796	
	Fund balances - ending of year		\$ 963,668	

## Special Revenue

	Budget	Actual	Variance Positive (Negative)
EPA Regional Brownfields Initiative RLF	728,759	864,866	(136,107)
A-B Tech, DOE, Business Surveys	5,140	2,093	3,047
AdvWest NCDA&CS, Planning	50,943	17,156	33,787
NC BioFuels Center-AdvantageWest	933	860	73
AdvantageWest-TVA Settlement, P/T from NC BioFuels Cent	12,260	12,260	-
APEX Brownfields Technical Assistance	-	1,516	(1,516)
Lenoir Brownfields Technical Assistanc	5,362	5,093	269
Brownfields Revolving Loan Funds Tech. Asst. - DeKalb Co C	47,250	24,307	22,943
Brownfields Conference Fund-Raising	8,215	5,607	2,608
PRF-Mountain Ridge & Steep Slope Protection	672	672	-
ARC Housing 10/1/12-9/30/13 FY 14 #703	2,250	2,250	-
City of Asheville, Fair Housing Implementation Plan	6,000	4,031	1,969
CDBG-Henderson Co Catalyst, Dodd-Meadows	17,860	14,285	3,575
CDBG-Madison Co Scattered Site Admin	15,220	6,498	8,722
CDBG-Madison Co Scattered Site, Svc Del	21,676	17,182	4,494
NCRC-Mars Hill, Clean Water Partners Suppl Ph II & III	13,084	13,084	-
Marshall Clean Water	-	-	-
CDBG-Brevard, Cottages	15,000	16,448	(1,448)
Community Dev/Housing Rehab Fee for Service	3,144	3,144	-
Bunc. Co Fair Housing Implementation Plan Tech Assistance	9,400	9,400	-
<b>Subtotal Economic and Community Development</b>	<b>2,298,980</b>	<b>2,587,239</b>	<b>(288,259)</b>
Rural Transportation Planning Organization	115,625	115,624	1
I-40 Rockslide Conference, Pass-Through	923	924	(1)
USDOT-Pipeline Safety	19,500	12,500	7,000
Bicycle Maps	256	256	-
NCDOT-Regional Bike Plan	29,929	29,930	(1)
Buncombe Co Mountain Mobility, Admin Operations	297,246	297,246	-
Buncombe Co Mountain Mobility, Operations Pass-Through	5,000	-	5,000
Buncombe Co Mountain Mobility R.I.D.E., Pass-Through	18,000	26,000	(8,000)
Bunc Co Transportation EDTAP, Pass-Through	40,614	36,114	4,500
French Broad River Metropolitan Planning Org.	1,137,164	872,626	264,538
<b>Subtotal Transportation</b>	<b>1,664,257</b>	<b>1,391,220</b>	<b>273,037</b>
Workforce Investment Act-Administration	293,764	236,732	57,032
WIA Adult Program	1,004,323	809,021	195,302
WIA Dislocated Worker Program	950,953	667,835	283,118
WIA OJT PY2011	197,887	166,727	31,160
WIA IWP	51,005	5,211	45,794
WIA Youth Program	871,813	585,056	286,757
<b>Subtotal Workforce Development</b>	<b>3,369,745</b>	<b>2,470,582</b>	<b>899,163</b>
<b>Total expenditures</b>	<b>13,909,087</b>	<b>12,695,075</b>	<b>1,214,012</b>
Revenues over (under) expenditures	-	-	-
Net change in fund balances	\$ -	-	\$ -
Fund balances - beginning of year	-	-	-
Fund balances - ending of year	-	-	-

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Revenues and Expenditures by Type -**  
**All Governmental Funds**  
**For the Year Ended June 30, 2014**

Schedule 5

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal government	\$ -	\$ 8,271,397	\$ 8,271,397
State of North Carolina	8,000	1,713,498	1,721,498
Local governmental awards and membership dues	373,720	1,404,073	1,777,793
Facilities and other income	7,863	-	7,863
Private contributions	7,167	98,877	106,044
In-kind	-	1,207,230	1,207,230
Interest income	69	-	69
Total revenue	<u>396,819</u>	<u>12,695,075</u>	<u>13,091,894</u>
Expenditures:			
Personnel - direct	22,272	2,006,143	2,028,415
Personnel - indirect/field	4,330	565,991	570,321
Fringe benefits	3,252	949,340	952,592
Telephone and postage	359	35,997	36,356
Travel	2,881	130,395	133,276
Rent	1,620	3,975	5,595
Utilities	172	16,029	16,201
Maintenance and repairs	540	48,088	48,628
Liability insurance	1,253	9,722	10,975
Training and workshops	1,082	25,495	26,577
Supplies	4,451	39,535	43,986
Contractual	26,564	205,996	232,560
Dues and subscriptions	6,355	25,066	31,421
Printing	81	14,865	14,946
Advertising	223	21,343	21,566
Legal fees	-	3,559	3,559
Techonology	1,527	177,034	178,561
Leased equipment	273	29,473	29,746
Capital outlay	12,219	-	12,219
Facilities costs	99,739	179,208	278,947
Council expenses	7,517	-	7,517
Other	27,414	21,679	49,093
	<u>224,124</u>	<u>4,508,933</u>	<u>4,733,057</u>
Debt service:			
Debt service - principal	62,691	-	62,691
Debt service - interest	83,132	-	83,132
	<u>145,823</u>	<u>-</u>	<u>145,823</u>
Other:			
In-kind	-	1,207,230	1,207,230
Revolving Loan Fund disbursements	-	476,509	476,509
Subcontracted/pass-through	-	6,502,403	6,502,403
	<u>-</u>	<u>8,186,142</u>	<u>8,186,142</u>
Total expenditures	<u>369,947</u>	<u>12,695,075</u>	<u>13,065,022</u>
Net change in fund balances	<u>\$ 26,872</u>	<u>\$ -</u>	<u>\$ 26,872</u>

## **COMPLIANCE SECTION**

**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, 2014, 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 January 15, 2015.

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.

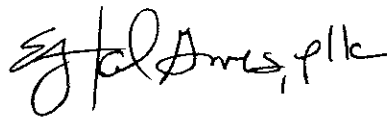
### Compliance and Other Matters

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 Gomes, pllc  
Certified Public Accountant  
January 15, 2015





**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, 2014. 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, 2014.

## Report on Internal Control Over Compliance

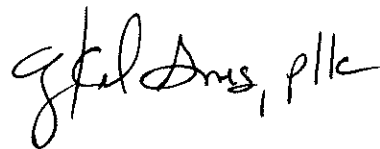
Management of the Land-of-Sky Regional Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Council's internal control over compliance with 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 Gomes, PLLC  
Certified Public Accountant  
January 15, 2015



**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, 2014. 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, 2014.

**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

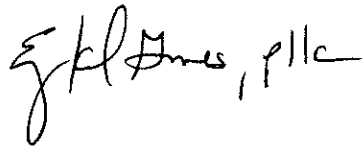
Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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 Gomes, PLLC  
Certified Public Accountant  
January 15, 2015

A handwritten signature in black ink, appearing to read "Elizabeth Keel Gomes, PLLC". The signature is written in a cursive, flowing style.

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

		<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
<b>U.S. Dept of Agriculture:</b>			
Rural Development Energy Audit Assistance	366	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 2012-2013	843/363	10.761	380110561024369-23
Solid Waste Management Program 2013-2014	844/364	10.761	380110561024369-25
<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>			
Economic Development Administration (EDA)			
Planning Grant (other match previously reported as other awards), 1/30/12 - 1/29/1	433/434	11.302	04-83-06633
<b>Total U.S. Department of Commerce</b>			
<b>U.S. Dept of Energy:</b>			
<i>Passed through NC Department of Environment and Natural Resources, State Energy Program</i>			
Statewide Energy Assessments & Mentoring for Public & Private Sectors	349	81.041	DE-EE0003881, 5718
Clean Vehicles Coalition Program	820	81.041	5725
<b>Total 81.041</b>		<b>81.041</b>	
<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 U.S. Department of Energy</b>			
<b>U.S. Department of Health &amp; Human Services:</b>			
<i>Passed through NC Dept of Health and Human Services, Div of Aging &amp; Adult Services</i>			
Title VII-B, Elder Abuse	551	93.041	13AANCT3SP
Title VII-E, Ombudsman	550	93.042	13AANCT3SP
Title III-F - Preventive Health 90%	513	93.043	13AANCT3SP
<i>Special Programs for the Aging Title III, Part B Grants for supportive Services and Senior Centers</i>			
Title III--B	520	93.044	13AANCT3SP
Title III--B Legal	520	93.044	13AANCT3SP
Title III--B Ombudsman	550	93.044	13AANCT3SP
Title III--B Planning & Administration	510/511	93.044	13AANCT3SP
<i>Special Programs for the Aging Title III, Part C</i>			
Title III--C1	510/520	93.045	13AANCT3SP
Title III--C2	520	93.045	13AANCT3SP
<b>Total Aging Cluster, 93.044 &amp; 93.045</b>		<b>93.044-.045</b>	
Family Caregiver Support	530	93.052	13AANCT3SP
Project CARE REACH OUT & Respite	534/5/6/7	93.052	00029791
Title III--E	510/511	93.052	13AANCT3SP
<b>Total 93.052</b>		<b>93.052</b>	
MIPPA (Medicare Enrollment Assistance Program) AOA	509	93.518	NC10120467
SSBG-Respite	520	93.667	13AANCT3SP

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
\$ 29,281	\$ -	\$ -	\$ 29,281
62,469	-	-	62,469
27,274	-	-	27,274
81,965	-	-	81,965
109,239	-	-	109,239
120,186	-	-	120,186
321,175	-	-	321,175
68,252	-	53,753	122,005
68,252	-	53,753	122,005
95,400	-	-	95,400
20,264	-	-	20,264
115,664	-	-	-
49,525	-	-	49,525
37,500	-	-	37,500
4,565	-	-	4,565
207,254	-	-	207,254
6,265	368	737	7,370
46,098	30,922	8,558	85,578
28,306	1,664	3,300	33,270
746,378	1,005,012	-	1,751,390
58,338	3,432	-	61,770
112,813	70,874	27,893	211,580
74,535	52,344	-	126,879
314,864	18,262	48,838	381,964
257,323	156,959	-	414,282
1,564,251	1,306,883	76,731	2,947,865
193,633	12,909	-	206,542
89,572	140,220	-	229,792
18,954	1,039	-	19,993
302,159	154,168	-	456,327
9,960	-	-	9,960
222,986	6,371	-	229,357

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

		<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
<b>U.S. Department of Health &amp; Human Services continued:</b>			
Local Contact Agency Funding	516	93.779	00031078
<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>			
Henderson Co Dodd-Meadows	720	14.228	CDBG
Madison County Small Cities Housing Program	734/735	14.228	CDBG 11-C-2318
		<b>14.228</b>	
<b>Total U.S. Department of Housing &amp; Urban Development</b>			
<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>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>			
2013 ARC Administrative Grant	423	23.009	NC-706-B-C40
2014 ARC Administrative Grant	424	23.009	NC-706-B-C41
		<b>23.009</b>	
Forest and Food Systems GIS	626	23.002	NC-17468-13
2012-2013 ARC Housing Specialist	703	23.011	CWP-13-B
2012-2013 Watershed Protection TAP	873	23.011	CWP-13-B
2013-2014 Local Government Technical Assistance	474	23.011	CWP-14-B
		<b>23.011</b>	
<b>Total Appalachian Regional Commission</b>			
<b>U.S. Department of Transportation, Federal Highway Administration:</b>			
US DOT Pipeline Safety	912	20.71	DTPH56-12-G-PHPT08
<i>Passed through NC Department of Transportation</i>			
Congestion Mitigation and Air Quality	810	20.205	C-5564
<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>20.205</b>	
<b>Total Federal Highway Administration</b>			

<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
60,000	-	-	60,000
2,240,025	1,500,376	89,326	3,829,727
346,035	-	678,763	1,024,798
14,285	-	-	14,285
23,679	-	-	23,679
37,964	-	-	37,964
383,999	-	678,763	1,062,762
809,021	-	-	809,021
667,835	-	-	667,835
585,056	-	-	585,056
389,943	-	-	389,943
2,451,855	-	-	2,451,855
175,224	-	19,671	194,895
2,627,079	-	19,671	2,646,750
57,493	-	45,841	103,334
38,736	-	38,735	77,471
96,229	-	84,576	180,805
37,290	-	-	37,290
2,250	-	-	2,250
10,661	-	-	10,661
22,125	-	-	22,125
35,036	-	-	35,036
168,555	-	84,576	253,131
12,500	-	-	12,500
15,775	-	-	15,775
699,357	-	87,828	787,185
92,500	-	20,925	113,425
807,632	-	108,753	916,385
820,132	-	108,753	928,885



**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

		<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
<b>Environmental Protection Agency:</b>			
Urban Waters, Small Grants	882	66.440	UW-95496312
Destination Green, partnering with NC Div of Environmental Assistance & Outreac	361	66.717	X9-00D04312
Lean and Green Pass It On Initiative	362	66.717	X9-00D14113
<b>Total 66.717</b>		<b>66.717</b>	
Regional Brownfields Initiative, Revolving Loan Fund Admin	645	66.818	BF 96413504
<i>Contracted with DeKalb Co, GA for RLF Technial Assistance</i>	676	66.818	BF 95498312
<b>Total 66.818</b>		<b>66.818</b>	
<i>Passed through NC Department of Environment &amp; Natural Resources</i>			
<i>Contracted with Triangle J Council of Governments</i>			
Waste Reduction Partners, DAQ - Energy Assessments	369	66.034	5651
<b>Total Environmental Protection Agency</b>			
<b>Corporation for National Service:</b>			
Retired Senior Volunteer	573	94.002	12SRSNC003
Retired Senior Volunteer	575	94.002	12SRSNC003
Foster Grandparent/Senior Companion Cluster			
2014 Foster Grandparent	586	94.011	11GXSN001
2012-2013 Senior Companion Program	593	94.016	12SXSN004
2013-2014 Senior Companion Program	594	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		2012-292-70103-107
<i>Contracted for Administration and Technical Assistance with following jurisdictions:</i>			
Mars Hill, Clean Water Partners Supplemental, Phase II	745		2008-146-40101-112
NC Department of Environment and Natural Resources			
Division of Pollution Prevention & Environmental Assistance			
Waste Reduction Partners	350/351		4027
Waste Reduction Partners-Advancing Energy Performance Contracting	354		5930
<i>Contracted with Triangle J Council of Governments</i>			
Waste Reduction Partners, Innovation Wste Reduction Technical Assistance	348		4688
NC Brownfields Program Partnership for WNC	406		5279

<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
50,639	-	-	50,639
16,488	-	-	16,488
9,278	-	-	9,278
<u>25,766</u>	<u>-</u>	<u>-</u>	<u>25,766</u>
550,160	-	314,705	864,865
24,307	-	-	24,307
<u>574,467</u>	<u>-</u>	<u>314,705</u>	<u>889,172</u>
35,649	-	-	35,649
<u>686,521</u>	<u>-</u>	<u>314,705</u>	<u>1,001,226</u>
85,651	-	57,892	143,543
20,179	-	5,150	25,329
<u>105,830</u>	<u>-</u>	<u>63,042</u>	<u>168,872</u>
335,654	-	63	335,717
69,920	-	3,625	73,545
237,001	-	4,560	241,561
<u>642,575</u>	<u>-</u>	<u>8,248</u>	<u>650,823</u>
<u>748,405</u>	<u>-</u>	<u>71,290</u>	<u>819,695</u>
-	16,184	-	16,184
-	13,083	-	13,083
-	40,000	-	40,000
-	3,000	-	3,000
-	4,042	-	4,042
-	8,000	-	8,000
<u>-</u>	<u>55,042</u>	<u>-</u>	<u>55,042</u>

**LAND-OF-SKY REGIONAL COUNCIL**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2014**

	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>
<b>State Programs, continued:</b>		
NC Department of Health and Human Services		
Division of Aging and Adult Services		
Senior Center Development	521	NC-02
Fan/Heat Relief Program	522	NC-02
Division of Public Health, <i>through Buncombe County Department of Health</i>		
Chronic Disease Self-Management Program for Minority Populations	546	1176
Chronic Disease Self-Management Program for Minority Populations	547	1459
NC Department of Transportation		
Bike & Pedestrian Plan	920	2373
<i>Passed through Buncombe County Mountain Mobility EDTAP #5317</i>		
Foster Grandparent Program	586	5317
Senior Companion Program	593/594	5317
NC Department of Agriculture & Consumer Services, <i>Contracted with AdvantageWest EDC</i>		
Planting the Seeds for a Robust WNC Biofuels Sector	664	14-E-139-RSD-TVA
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>
-	38,929	13,059	51,988
-	5,090	-	5,090
-	22,722	-	22,722
-	2,707	-	2,707
-	69,448	13,059	82,507
-	29,930	-	29,930
	3,699		3,699
	4,320		4,320
	8,019		8,019
-	17,156	-	17,156
-	12,260	-	12,260
-	29,416	-	29,416
<u>\$ 8,271,397</u>	<u>\$ 1,721,498</u>	<u>\$ 1,433,896</u>	<u>\$ 11,426,791</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	State	Pass-through Total
Buncombe County (paid directly to providers by LOSRC as Lead Agency)	Title III B (Access, In-Home)	93.044	NC-02	449,808	596,994	
	Title III B (Legal)	93.044	NC-02	28,050	1,650	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	79,265	4,663	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	81,392	49,647	
	SSBG- Respite	93.667	NC-02	132,370	3,782	
	Food Distribution	10.570	NC-02	38,085		
				<u>808,970</u>	<u>656,736</u>	<u>1,465,706</u>
Buncombe Co Council on Aging	MIPPA(Medicare Enrollment Assistz	93.518		1,000		
	Local Contact Agency	93.791		28,262		
	LCA, Mitchell & Yancey	93.791		2,000		
	Family Caregiver Title III-E	93.052		19,570	1,305	
	Fan/Heat Relief	N/A			3,211	
				<u>50,832</u>	<u>4,516</u>	<u>55,348</u>
Asheville Area Parks & Rec	Senior Center Outreach	N/A		0		
	Senior Center Development	N/A		0	7,786	7,786
Town of Black Mountain	Senior Center Development	N/A			11,680	11,680
Henderson County (paid directly to providers per agreement with Henderson Co)	Title III B (Legal, Access, In-Home)	93.044	NC-02	249,785	211,159	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	16,202	953	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	147,824	90,168	
	SSBG - Respite	93.667	NC-02	45,582	1,302	
	Food Distribution	10.570	NC-02	49,495	0	
				<u>508,888</u>	<u>303,582</u>	<u>812,470</u>
Henderson Co Council on Aging	Local Contact Agency	93.791		9,400		
	Fan/Heat Relief	N/A			1,385	
	Family Caregiver Title III-E	93.052		14,992	1,000	
			<u>24,392</u>	<u>2,385</u>	<u>26,777</u>	
Madison County	Title III B (Legal, Access, In-Home)	93.044	NC-02	39,525	68,066	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	78,787	4,635	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	18,807	11,471	
	SSBG - Respite	93.667	NC-02	15,252	436	
	Food Distribution	10.570	NC-02	19,139	0	
	MIPPA(Medicare Enrollment Assistz	93.518		481		
	Family Caregiver Title III-E	93.052		7,500	500	
	Senior Center Development	N/A			7,786	
	Fan/Heat Relief	N/A			165	
				<u>179,491</u>	<u>93,059</u>	<u>272,550</u>
Transylvania County	Title III B (Legal, Access, In-Home)	93.044	NC-02	37,549	130,572	
	Title III C1 (Congregate Nutrition)	93.045	NC-02	76,018	4,472	
	Title III C2 (Home-Delivered Meals)	93.045	NC-02	9,299	5,672	
	SSBG - Respite	93.667		29,782	851	
	Food Distribution	10.570		13,456		
	Family Caregiver Title III-E	93.052		7,200	480	
				<u>173,304</u>	<u>142,047</u>	<u>315,351</u>
Transylvania County WCCA	Local Contact Agency	93.791		4,328		
	MIPPA(Medicare Enrollment Assistz	93.518		1,000		
	Fan/Heat Relief	N/A	NC-02		436	
	Senior Center Development	N/A	NC-02		11,680	
			<u>5,328</u>	<u>12,116</u>	<u>17,444</u>	
						<u>2,967,668</u>



**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:

CFDA#

Program Name or Cluster

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, 2014**

**2013**

There were no findings for the year ending 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.