

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

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

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

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June 30, 2014**

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Albemarle Commission
Hertford, North Carolina

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 Albemarle Commission as of and for the year then ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Albemarle Commission'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.

Auditors' 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 the financial statements are free from 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 auditors' 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, based on our audit, 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 Albemarle Commission as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Aging Fund, Workforce Investment Fund, and Revolving Loan Fund 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 and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 34 and 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 basic financial statements of Albemarle Commission. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and related 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of the Albemarle Commission'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 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 the Albemarle Commission's internal control over financial reporting and compliance.

Simpson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 15, 2014

Management's Discussion and Analysis

As management of the Albemarle Commission, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2014. The information presented here can be read in conjunction with additional information that we have furnished in the Commission's financial statements, which follow this narrative.

Financial Highlights

The assets of the Commission exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,185,447 (net position).

As of the close of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$2,168,115, a decrease of \$63,905 in comparison with the prior year. Approximately 40.31% of this amount, or \$873,920 is available for spending at the Commission's discretion as of June 30, 2014.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$873,920, or 181.53 percent of total general fund expenditures for the fiscal year.

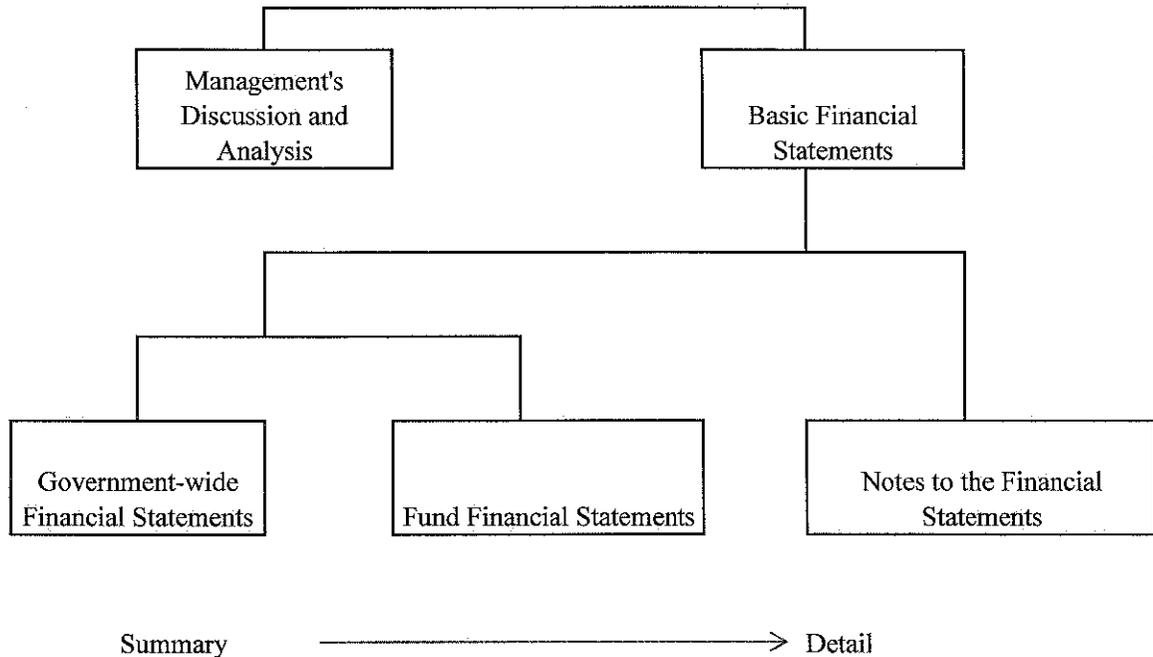
The Commission incurred no long-term debt during the current fiscal year (excluding compensated absences and other postemployment benefits).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements which consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Commission'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 Commission.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the *Government-wide Financial Statements*. They provide both short and long-term information about the Commission's financial status.

The next statements (Exhibits 3 through 5) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the Commission'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 Commission's governmental funds. 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 Commission'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 Commission's financial status as a whole.

The two government-wide statements report the Commission's net position and how they have changed. Net position is the difference between the Commission's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gage the Commission's financial condition.

The government-wide statements consist of governmental activities. The governmental activities include most of the Commission's basic services such as economic development and planning, human services, including the Aging Program and workforce development and general administration. State and federal grant funds and appropriations from counties finance most of these activities offered by the Commission.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Commission'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. The Commission, 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 Commission's budget ordinance. All Commission funds are governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Commission'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*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Commission's programs. The relationship between government 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 Commission adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the member local governments of the Commission, the management of the Commission, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Commission to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Commission complied with the budget ordinance and whether or not the Commission 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 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.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes other information to aid in analyzing the Commission's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 34 of this report.

Interdependence with Other Entities: The Commission depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Commission is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Commission exceeded liabilities and deferred inflows by \$2,185,447 as of June 30, 2014. The Commission's net position decreased by \$73,597 for the fiscal year ended June 30, 2014. Investment in capital assets (3.93%) reflects the Commission's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Commission uses these capital assets to provide services, but are restricted to certain categories of service and/or patients. An additional portion of the Commission's net position \$851,934, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,247,717 is unrestricted.

Albemarle Commission's Net Position

Figure 2

	<u>6/30/14</u>	<u>6/30/13</u>
Current and other assets	\$ 2,478,514	\$ 2,601,696
Capital asset	85,796	115,730
Total assets	<u>2,564,310</u>	<u>2,717,426</u>
Long-term liabilities outstanding	68,464	88,706
Other liabilities	289,946	322,632
Deferred inflows of resources	20,453	47,044
Total liabilities and deferred inflows of resources	<u>378,863</u>	<u>458,382</u>
Net position:		
Net investment in capital assets	85,796	115,730
Restricted	851,934	893,222
Unrestricted	<u>1,247,717</u>	<u>1,250,092</u>
Total Net Position	<u>\$ 2,185,447</u>	<u>\$ 2,259,044</u>

The Commission's net assets are presented in Exhibit 1.

Albemarle Commission's Changes in Net Position

Figure 3

	<u>06/30/14</u>	<u>6/30/13</u>
Revenues:		
Program revenues:		
Charges for services	\$ 454,264	\$ 482,710
Operating grants and contributions	4,769,821	5,330,363
General revenues:		
Investment earnings	6,315	6,936
Other	(120)	24,011
Total Revenues	<u>5,230,280</u>	<u>5,844,020</u>
Expenses:		
General government	25,205	64,605
Economic and physical development	504,359	526,595
Human services	2,822,109	2,871,312
Workforce development	1,952,204	2,471,358
Total Expenses	<u>5,303,877</u>	<u>5,933,870</u>
Increase in Net Position	(73,597)	(89,850)
Net position, July 1	2,259,044	2,348,894
Net position, June 30	<u>\$ 2,185,447</u>	<u>\$ 2,259,044</u>

Governmental Activities. Governmental activities decreased the Commission's net position by \$73,274, thereby accounting for a 3.26% decrease in the net position of the Commission.

Financial Analysis of the Commission's Funds

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

Governmental Funds. The focus of the Commission'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 is the chief operating fund of the Commission. At the end of the current fiscal year, Albemarle Commission's fund balance available in the General Fund was \$873,920 while total fund balance reached \$1,030,296. The Commission currently has an available fund balance of 181.53% of general fund expenditures, while total fund balance represents 214.01% of the same amount. The General Fund's transfers to other programs totaled \$88,851 for the year ended June 30, 2014.

At June 30, 2014, the governmental funds of the Commission reported a combined fund balance of \$2,168,115 with a net decrease in fund balance of \$63,905. Included in this change in fund balance are decreases in fund balance in the Aging Fund and Economic Development Fund, offset by an increase in the General Fund.

General Fund Budgetary Highlights: During the fiscal year, the Commission amended 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 made 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. Most of the budget amendments were made to recognize additional grant income and the related expenses.

Capital Assets

Capital assets. The Commission’s investment in capital assets for its governmental activities as of June 30, 2014, totals \$85,796 (net of accumulated depreciation). These assets include furniture, equipment, and computers.

The Commission's Capital Assets

Figure 4

	<u>6/30/14</u>	<u>6/30/13</u>
Automobiles	\$ 16,049	\$ 23,767
Machinery and Equipment	48,149	62,072
Computers and software	<u>21,598</u>	<u>29,891</u>
Total (net of accumulated depreciation)	<u>\$ 85,796</u>	<u>\$ 115,730</u>

Major capital asset transactions during the year included the purchase of computer equipment.

Additional information on the Commission’s capital assets can be found in the Notes to the Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

Even in the current contentious political arena, the Commission's federally supported programs have fared well. Cuts resulting from the sequestration were minimal. With the continued slow economic recovery, we anticipate the continued support of the current national and state administration's support of the Commission's work force development program. The Commission continues to have a strong financial standing which will be preserved.

The Commission will continue to upgrade staff and retain productive staff. All increases in salary cost will be supported by current funding. We will creatively seek new funding sources should federal, state, and local sources become more restricted.

The Albemarle Commission operates in a region that has many Tier One counties. Therefore, we would not seek increases in dues or fees other than those currently required for match or for future match funding. The following programs which are of particular strength for the Commission shall continue: (1) senior nutrition, (2) programs for elderly, (3) work force development, (4) emerging businesses / business services, (5) housing rehabilitation, and (6) transportation planning.

Budget Highlights for the Fiscal Year Ending June 30, 2015

For Fiscal Year 2014-2015, we do not anticipate any significant reductions in local, state, or federal funding. Any reductions will be managed internally and will not affect current or future operations of the Commission. As the Commission again becomes relevant in the Region as the Lead Regional Organization and Council of Government for Region R, we will partner with our Counties, Municipalities, as well as regional stakeholders in order to increase funding for the Commission through increased program services and grant administration.

Requests for Information

This report is designed to provide an overview of the Commission's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Commission's Executive Director at Albemarle Commission, 512 South Church Street, Hertford, North Carolina, 27944.

BASIC FINANCIAL STATEMENTS

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,597,571
Accounts receivable	517,789
Notes receivable	156,713
Restricted cash and cash equivalents	192,355
Prepaid expenses	14,086
Total current assets	2,478,514
Non-current assets:	
Capital assets, net of depreciation	85,796
Total capital assets	85,796
Total Assets	2,564,310
LIABILITIES	
Current liabilities:	
Accounts Payable and Accrued Expenses	289,946
Total current liabilities	289,946
Long-term liabilities:	
Due in more than one year	68,464
Total Liabilities	358,410
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	20,453
Total deferred inflows of resources	20,453
NET POSITION	
Net investment in capital assets	85,796
Restricted for:	
Stabilization by State Statute	154,469
Economic Development Administration	696,603
Human Services	862
Unrestricted	1,247,717
Total Net Position	\$ 2,185,447

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
 Statement of Activities
 For the Year Ended June 30, 2014

Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental Activities:							
General government	\$ 396,692	(371,487)	\$ 378,295	\$ 121,038	\$ -	\$ 474,128	
Economic and physical development	459,132	45,227	750	402,911	-	(100,698)	
Human services	2,681,287	140,822	75,219	2,486,282	-	(260,608)	
Workforce Development	1,766,766	185,438	-	1,759,590	-	(192,614)	
Total governmental activities	\$ 5,303,877	\$ -	\$ 454,264	\$ 4,769,821	\$ -	(79,792)	
General revenues:							
Investment earnings, unrestricted						6,315	
Loss on disposal of assets						(323)	
Miscellaneous, unrestricted						203	
Total general revenues						6,195	
Change in net position						(73,597)	
Net position, beginning						2,259,044	
Net position, ending						\$ 2,185,447	

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2014**

	Major Funds				Total Non-Major Funds	Total Governmental Funds
	General Fund	Aging Program	Workforce Investment	Revolving Loan Fund		
ASSETS						
Cash and cash equivalents	\$ 912,182	\$ 384,122	\$ -	\$ 300,357	\$ 910	\$ 1,597,571
Restricted Cash	-	-	-	-	192,355	192,355
Accounts receivable	37,964	266,323	163,763	-	49,739	517,789
Notes receivable	-	-	-	156,713	-	156,713
Due from other funds	116,505	-	-	-	-	116,505
Prepaid expenses	1,907	2,298	5,481	-	4,400	14,086
Total assets	<u>1,068,558</u>	<u>652,743</u>	<u>169,244</u>	<u>457,070</u>	<u>247,404</u>	<u>2,595,019</u>
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued liabilities	38,262	197,686	51,389	4	2,605	289,946
Due to other funds	-	-	116,505	-	-	116,505
Total liabilities	<u>38,262</u>	<u>197,686</u>	<u>167,894</u>	<u>4</u>	<u>2,605</u>	<u>406,451</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	-	19,103	1,350	-	-	20,453
Total deferred inflows of resources	<u>-</u>	<u>19,103</u>	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>20,453</u>
Fund balances:						
Non Spendable						
Prepaid expenses	1,907	2,298	5,481	-	4,400	14,086
Restricted						
Stabilization by State Statute	154,469	-	-	-	-	154,469
Revolving Loan	-	-	-	457,066	-	457,066
Juvenile Planning Grant	-	-	-	-	48	48
Emergency Medical Services	-	-	-	-	862	862
Community Development and Planning	-	-	-	-	44,463	44,463
Economic Development Administration	-	-	-	-	195,026	195,026
Committed	-	433,656	-	-	-	433,656
Assigned						
Subsequent year's expenditures	-	-	-	-	-	-
Aging	-	-	-	-	-	-
Unassigned	873,920	-	(5,481)	-	-	868,439
Total fund balances	<u>1,030,296</u>	<u>435,954</u>	<u>-</u>	<u>457,066</u>	<u>244,799</u>	<u>2,168,115</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>1,068,558</u>	\$ <u>652,743</u>	\$ <u>169,244</u>	\$ <u>457,070</u>	\$ <u>247,404</u>	\$ <u>2,595,019</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balance, governmental funds	2,168,115
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds, net of depreciation	85,796
Some liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(68,464)</u>
Net position of governmental activities	\$ <u>2,185,447</u>

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds					Total Governmental Funds
	General	Aging Program	Workforce Investment	Revolving Loan Fund	Total Non-Major Funds	
REVENUES						
Federal and State grants	\$ -	\$ 2,143,008	\$ 1,674,407	\$ -	\$ 459,086	\$ 4,276,501
Local appropriations	121,038	339,883	-	-	29,008	489,929
Program income	378,295	75,219	-	750	-	454,264
Donations	-	3,391	-	-	-	3,391
Interest Income	81	108	-	6,112	14	6,315
Miscellaneous	6	26	171	-	-	203
Total revenues	<u>499,420</u>	<u>2,561,635</u>	<u>1,674,578</u>	<u>6,862</u>	<u>488,108</u>	<u>5,230,603</u>
EXPENDITURES						
General Government	392,575	-	-	-	-	392,575
Economic and physical development	-	-	-	2,531	458,864	461,395
Human services	-	2,680,777	-	-	-	2,680,777
Workforce Development	-	-	1,674,578	-	85,183	1,759,761
Total expenditures	<u>392,575</u>	<u>2,680,777</u>	<u>1,674,578</u>	<u>2,531</u>	<u>544,047</u>	<u>5,294,508</u>
Excess (deficiency) of revenues over expenditures	106,845	(119,142)	-	4,331	(55,939)	(63,905)
OTHER FINANCING SOURCES						
Operating transfers in (out)	(88,851)	45,518	-	-	43,333	-
Net Change in Fund Balance	17,994	(73,624)	-	4,331	(12,606)	(63,905)
Fund balances, beginning	<u>1,012,302</u>	<u>509,578</u>	<u>-</u>	<u>452,735</u>	<u>257,405</u>	<u>2,232,020</u>
Fund balances, ending	<u>\$ 1,030,296</u>	<u>\$ 435,954</u>	<u>\$ -</u>	<u>\$ 457,066</u>	<u>\$ 244,799</u>	<u>\$ 2,168,115</u>

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

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

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

Net changes in fund balances - total governmental funds	\$ (63,905)
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. This is the amount by which depreciation exceeded capital outlay additions in the current period.	(29,611)
Loss on disposal of assets	(323)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	21,144
Other Post employment benefits	<u>(902)</u>
Total changes in net position of governmental activities	<u>\$ (73,597)</u>

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

**General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Federal and State grants	\$ 26,530	\$ 3,000	-	\$ (3,000)
Charges for Services	385,157	391,157	378,295	(12,862)
Local funds	111,613	121,038	121,038	-
Interest income	-	-	81	81
Miscellaneous	-	-	6	6
Total Revenues	<u>523,300</u>	<u>515,195</u>	<u>499,420</u>	<u>(15,775)</u>
Expenditures:				
General - administration	433,381	436,069	392,575	43,494
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Workforce Development	-	-	-	-
Total Expenditures	<u>433,381</u>	<u>436,069</u>	<u>392,575</u>	<u>43,494</u>
Revenues Over (Under) Expenditures	<u>89,919</u>	<u>79,126</u>	<u>106,845</u>	<u>27,719</u>
Other Financing Sources (Uses):				
Fund Balance Appropriated	-	9,725	-	(9,725)
Transfers in (out)	(89,919)	(88,851)	(88,851)	-
Total Other Financing Sources (Uses)	<u>(89,919)</u>	<u>(79,126)</u>	<u>(88,851)</u>	<u>(9,725)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	17,994	<u>\$ 17,994</u>
Fund Balance, Beginning			1,012,302	
Fund Balance, Ending			<u>\$ 1,030,296</u>	

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

**General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014**

	Aging Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Federal and State grants	\$ 2,730,930	\$ 2,745,476	\$ 2,143,008	\$ (602,468)
Program income	68,000	68,000	75,219	7,219
Local funds	335,450	335,450	339,883	4,433
Interest income	100	100	108	8
Donations	1,100	1,100	3,391	2,291
Miscellaneous	-	-	26	26
Total Revenues	<u>3,135,580</u>	<u>3,150,126</u>	<u>2,561,635</u>	<u>(588,491)</u>
Expenditures:				
General - administration	-	-	-	-
Economic and physical development	-	-	-	-
Human services	3,552,492	3,565,970	2,680,777	885,193
Workforce Development	-	-	-	-
Total Expenditures	<u>3,552,492</u>	<u>3,565,970</u>	<u>2,680,777</u>	<u>885,193</u>
Revenues Over (Under) Expenditures	<u>(416,912)</u>	<u>(415,844)</u>	<u>(119,142)</u>	<u>296,702</u>
Other Financing Sources (Uses):				
Fund Balance Appropriated	370,326	370,326	-	(370,326)
Transfers in (out)	46,586	45,518	45,518	-
Total Other Financing Sources (Uses)	<u>416,912</u>	<u>415,844</u>	<u>45,518</u>	<u>(370,326)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(73,624)	<u>\$ (73,624)</u>
Fund Balance, Beginning			509,578	
Fund Balance, Ending			<u>\$ 435,954</u>	

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

**General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014**

	Workforce Investment Funds			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Federal and State grants	\$ 1,712,484	\$ 2,785,200	\$ 1,674,407	\$ (1,110,793)
Miscellaneous	-	-	171	171
Total Revenues	<u>1,712,484</u>	<u>2,785,200</u>	<u>1,674,578</u>	<u>(1,110,622)</u>
Expenditures:				
General - administration	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Workforce Development	1,712,484	2,785,200	1,674,578	1,110,622
Total Expenditures	<u>1,712,484</u>	<u>2,785,200</u>	<u>1,674,578</u>	<u>1,110,622</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Fund Balance Appropriated	-	-	-	-
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances, Beginning			-	
Fund Balances, Ending			<u>\$ -</u>	

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

**General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014**

	Revolving Loan Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for services	\$ -	\$ -	\$ 750	\$ 750
Interest income	5,350	5,350	6,112	762
Miscellaneous income	-	-	-	-
Total Revenues	<u>5,350</u>	<u>5,350</u>	<u>6,862</u>	<u>1,512</u>
Expenditures:				
General - administration	-	-	-	-
Economic and physical development	5,350	55,350	2,531	52,819
Human services	-	-	-	-
Workforce Development	-	-	-	-
Total Expenditures	<u>5,350</u>	<u>55,350</u>	<u>2,531</u>	<u>52,819</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(50,000)</u>	<u>4,331</u>	<u>54,331</u>
Other Financing Sources (Uses):				
Fund Balance Appropriated	-	50,000	-	(50,000)
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,331	<u>\$ 4,331</u>
Fund Balances, Beginning			452,735	
Fund Balances, Ending			<u>\$ 457,066</u>	

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

I. Summary of Significant Accounting Policies

The accounting policies of Albemarle Commission (the Commission) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Albemarle Regional Planning and Development Commission (ARPDC) was formed in 1970 as a working organization of local governments striving towards the betterment of the region through planned development. On February 17, 1983, the Bylaws were amended to change the organizational name to "Albemarle Commission." The region encompasses the ten northeastern counties of North Carolina and the 3,282 square miles therein. The 2010 population of the region was 172,261, an increase of 9% over the 2000 population of 158,047.

Ten local governments (counties) are members of the Commission. Representatives of these governments compose the fourteen member governing board. Board members include local elected officials, minority representatives, business people, county and municipal managers, and other citizens with an interest in planned growth for the region.

The purpose of the Commission is to serve as a forum for discussions focusing on multi-county problems; to develop and formalize regional policies and plans for growth of the region; promote intergovernmental bodies; to collect and exchange ideas and information; to serve as a spokesman for local governments on regional matters; to encourage action and implementation of regional plans and policies by local, state, and federal agencies; to oversee and operate regional programs (such as Aging); and provide the assistance to strengthen local governments and their individual capacities to deal with local problems, including grant preparation and planning and management assistance.

The Commission has no component units.

B. Basis of Presentation and Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display nonfiduciary information about Albemarle Commission. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through local governmental dues, grants and fees for services. The Commission presents all of its activities as governmental.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission'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. 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 operation requirements of a particular program. Revenues that are not classified as program revenues, including unrestricted local county contributions, are presented as general revenues.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

Fund Financial Statements: The fund financial statements provide information about the Commission's funds, all of which are governmental since the Commission has no proprietary or fiduciary funds. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Commission reports the following major governmental funds:

General Fund – This is the Commission's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Aging Program - In accordance with the Older Americans Act as amended in 2000, the Commission works to strengthen the quality of life of older adults (60+) with the effective administration of publicly funded aging programs. Programs are funded through a mix of federal, state and local dollars. The Commission is accountable to the North Carolina Division of Aging for the proper disbursement of the funds.

Workforce Investment - Workforce Investment Act (WIA) programs offer education and training opportunities for eligible adults, youth, and dislocated workers. Programs are designed to establish a highly skilled, productive, self-sufficient workforce. The program is primarily funded through federal dollars. The Commission is accountable to the North Carolina Department of Commerce Division of Employment and Training for the proper disbursement of the funds.

Revolving Loan Fund - The revolving loan fund is used to loan funds to qualifying businesses to help with start-up expenses and working capital.

Measurement Focus and Basis of Accounting

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

Government-wide Fund Financial Statements. The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide fund 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 transaction, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions.

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 claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Budgetary Data

The Commission's budgets are adopted as required by the North Carolina General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the object level for the multi-year funds. The Finance Officer is authorized to transfer appropriations within a fund. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Commission are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Commission may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Commission 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 Commission 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).

Commission investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value. Non-participating interest earning investment contracts are reported at cost.

2. Cash and Cash Equivalents

The Commission pools money 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.

3. Restricted Assets

Money in the Economic Development Fund is classified as restricted assets because its use is restricted to the Economic Development Fund per NC G.S. Chapter 159, Article 3, Part 2. Community Development Block Grant funds are also classified as restricted cash because it can be expended only for the purposes detailed in the grant agreements.

Albemarle Commission Restricted Cash

Governmental Activities

	CDBG	Restricted for project expenditures	\$	41,539
	EDA	Restricted for project expenditures		150,816
			<u>\$</u>	<u>192,355</u>

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

4. 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 and expensed as the items are used.

5. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are listed at their estimated fair value at the date of donation. Minimum capitalization cost is \$1,000 for all capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Commission are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	7 - 10
Computer equipment	5
Software	3

6. 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 Commission does not have an item that meets this criterion. 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 Commission has one item that meets the criterion for this category - Unearned revenue (for grants received but not yet expended).

7. Long-Term Obligations

The Commission has no long-term debt other than compensated absences and other post employment benefits.

8. Compensated Absences

The vacation policy of the Commission provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. Accrued annual leave in excess of 240 hours on June 30 is automatically transferred to sick leave. The current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds. For the Commission's government-wide statements, an expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned. The Commission's liability for accumulated earned vacation as of June 30, 2014 is \$66,378.

The sick leave policy of the Commission 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 services for retirement benefit purposes. Since the Commission does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the Commission.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

9. Net Position/Fund Balances

Net Position

Net position in government-wide financial statements are classified as net investment in capital assets; 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 Balances

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.

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

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

Restricted for Economic and Physical Development - portion of fund balance that is restricted by the grant award for a particular purpose (include the Revolving Loan Fund, Juvenile Planning Grant, Emergency Medical Services, Community Development and Planning, Economic Development Administration).

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Commission's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Assigned Fund Balance - portion of fund balance that the Commission 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. The governing body approves the appropriation; however, the budget ordinance authorizes the director to modify the appropriations by resource or appropriation with funds up to \$1,000.

Aging - portion of fund balance that is restricted by revenue source for use for Division of Aging purposes.

Unassigned Fund Balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Commission has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-commission funds, commission funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Commission.

The Commission does not have a minimum fund balance policy. They follow guidelines as identified by the Local Government and Budget Control Act, which allows for general fund balance in excess of 8% of budgeted expenditures to be appropriated for one-time expenditures.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$17,332 consists of the following elements:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	
Gross capital assets at historical cost	\$ 382,840
Less accumulated depreciation	(297,044)
Net Capital Assets	<u>85,796</u>
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Compensated Absences	(66,378)
Other postemployment benefits	(2,086)
	<u>(68,464)</u>
Total Adjustment	<u>\$ 17,332</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$9,692) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities, net of dispositions	\$ 1,711
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(31,322)
Loss on disposal of assets	(323)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated Absences	21,144
Other postemployment benefits	(902)
Total adjustment	<u>\$ (9,692)</u>

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the Commission's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Commission's agents in the Commission's name. 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 Commission, these deposits are considered to be held by the Commission's agent in the Commission's 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 Commission or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Commission 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 Commission has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Commission complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2014, the Commission's deposits had a carrying amount of \$434,112 and a bank balance of \$651,520. Of the bank balance, \$255,016 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At June 30, 2014, Albemarle Commission had \$200 cash on hand.

2. Investments

At June 30, 2014, the Commission had \$1,355,614 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Commission has no policy regarding credit risk.

3. Receivables

Receivables at the government-wide level at June 30, 2014, were as follows:

Governmental Activities:	
Federal and State Grants	\$ 435,816
State of North Carolina - Sales Tax	36,642
Economic Development Administration	45,331
Total governmental activities	<u>\$ 517,789</u>

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Computer equipment and software	\$ 190,836	\$ 1,711	\$ (23,714)	\$ 168,833
Machinery and equipment	141,150	-	(1,082)	140,068
Vehicles	73,939	-	-	73,939
Total Capital assets being depreciated	<u>405,925</u>	<u>1,711</u>	<u>(24,796)</u>	<u>382,840</u>
Less accumulated depreciation for:				
Computer equipment and software	160,945	9,681	(23,391)	147,235
Machinery and equipment	79,078	13,923	(1,082)	91,919
Vehicles	50,172	7,718	-	57,890
Total accumulated depreciation	<u>290,195</u>	<u>\$ 31,322</u>	<u>\$ (24,473)</u>	<u>297,044</u>
Governmental activity capital assets, net	<u>\$ 115,730</u>			<u>\$ 85,796</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Workforce Development	\$ 14,427
Economic Development	4,060
Human Services	4,924
General Government	7,911
Total depreciation expense	<u>\$ 31,322</u>

Construction Commitments

The Commission had no active construction projects as of June 30, 2014.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Commission contributed 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 to 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 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary to the System. The Commission is required to contribute at an actuarially determined rate. For the Commission, the current rate for employees is 7.07% of annual covered payroll. The contribution requirements of members and of the Commission are established, and may be amended by, the North Carolina General Assembly. The Commission's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$86,512, \$86,917, and \$85,753, respectively. The contributions made by the Commission equaled the required contributions for each year.

b. Supplemental Retirement Income Plan

Plan Description. The Commission also participates in a supplemental retirement plan which is a defined contribution pension plan. All employees who are eligible to participate in the Local Governmental Employees' Retirement System, are eligible to participate in this pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Commission's plan requires that it contributes each month an amount equal to 1% of each eligible participant's salary and all amounts contributed are vested immediately, providing that the employees also make at least a 1% voluntary contribution to the Plan.

Funding Policy. The Commission's contributions were calculated using a covered payroll amount of \$1,223,644. Total contributions for the year ended June 30, 2014 were \$86,274, which consisted of \$10,152 from the Commission and \$76,121 from the employees. The Commission's required contributions and the employees' voluntary contributions represented .83% and 6.22% of the covered payroll amount, respectively.

c. Other Postemployment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of a Commission resolution adopted February 21, 2013, the Commission administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the Commission, provided (1) they participate in the North Carolina Local Governmental Employees' Retirement System, (2) are 60 years of age, and (3) have at least 25 years of service. The benefits end once the employee reaches age 65.

The Commission will pay the full cost of coverage for these benefits through private insurers. The Commissions' Board may amend the benefit provisions. A separate report was not issued for the plan.

Funding Policy. By the Commission's resolution, the Commission will pay the full cost of coverage for the healthcare benefits paid to qualified retirees. The Commission has chosen to fund the healthcare 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. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In the fiscal year ended June 30, 2014, the Commission did not have any retirees eligible for these benefits.

Annual OPEB Cost and Net OPEB Obligation. The Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC).

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plan with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Commission's annual OPEB cost for the current year, the amount actually contributed to the plan (if any), and changes in the Commission's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 868
Interest on net OPEB obligation	34
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>902</u>
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	902
Net OPEB obligation, beginning of year	1,184
Net OPEB obligation, end of year	<u><u>\$ 2,086</u></u>

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 was as follows:

For the Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 902	0.00%	\$ 2,086
2013	\$ 1,184	0.00%	\$ 1,184

Funded Status and Funding Progress. As of December 31, 2013, the actuarial accrued liability for benefits was \$4,455, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,274,375, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 0.47 percent.

The projection of future benefits 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. Amounts 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan was understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2003 United States Life Tables for Males and for Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 12.00 percent initially, reduced to an ultimate rate of 6.00 percent after six years, was used.

Health insurance premiums - 2012 health insurance premiums for retirees was used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption of 3.8 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the 2007 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Commission's short-term investment portfolio, a discount rate of 4.00 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, was thirty years.

Other Employment Benefits

The Commission 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 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Commission has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Commission considers these contributions to be immaterial.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

2. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end is comprised of the following:

	<u>Unearned Revenue</u>
General Fund (grants)	\$ -
Economic Development (grants)	-
Aging Fund (grants)	19,103
Workforce Development Fund (grants)	1,350
Total	\$ 20,453

3. Risk Management

The Commission 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. The Commission participates in a self-funded risk financing pool administered by the Risk Management Agency of North Carolina Association of County Commissioners. Through these pools, the Commission obtains property coverage up to the total insurance values of the property policy, up to \$1 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$1 million per occurrence, auto physical damage coverage for owned autos, at actual cash value, crime coverage of \$50,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Commission upon request. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and public officials liability in excess of \$1 million, and property in excess of \$500,000.

The Commission carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settlement claims have not exceeded coverage in any of the past three years.

The Commission does not carry a separate flood insurance policy.

In accordance with G.S. 159-29, the Commission's employees that have access to \$100 or more at any given time of the Commission's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2014, the Commission had an outstanding obligation in relation to a CDBG grant that was administered in 2005-2006. One of the recipients who received services through the program reported that, as a result of the work done, his home was damaged. The Commission received an offer from Gates County to release the Commission of any liability of the project if the Commission agreed to paying back the original loan amount of \$23,375 to the Division of Community Assistance (DCA). The attorney recommended the Commission to pay this amount, which would result in a full release for the Commission and all of its agents for this project. As of the report date, this amount has not yet been paid. Management has recorded a liability for this amount.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

5. Long-Term Obligations

The following is a summary of changes in the Commission's long-term obligations for the fiscal year ended June 30, 2014:

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>		<u>June 30, 2014</u>
Governmental activities:					
Other postemployment benefits	\$ 1,184	\$ 902	\$ -		\$ 2,086
Compensated absences	87,522	-	21,144		66,378
Governmental activity long-term liabilities	<u>\$ 88,706</u>	<u>\$ 902</u>	<u>\$ 21,144</u>		<u>\$ 68,464</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

III. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2014, consist of the following:

Due to the General Fund from:

Workforce Investment	\$ 116,505
Incentive and Capacity Building Grant	-
Total	<u>\$ 116,505</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2014, consist of the following:

From General Fund to Aging Program Fund - Matching Funds	\$ 45,518
From General Fund to Economic Development Fund - Matching Funds	<u>43,333</u>
Total	<u>\$ 88,851</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

ALBEMARLE COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

IV. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund		\$ 1,030,296
Less:		
Prepaid Expenses		1,907
Stabilization by State Statute		<u>154,469</u>
Remaining Fund Balance		<u>\$ 873,920</u>

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

	<u>General Fund</u>		<u>Non-Major Funds</u>	
	\$ -		\$ -	

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Commission 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 moneys.

VI. Cost Allocation Plan

The Commission utilized a cost allocation plan in which indirect costs were prorated to the various grants on a monthly basis based on program salary and fringe benefits. All indirect costs not allocated to the various grants were absorbed by the General Fund.

The average rate that was used to allocate indirect cost was 25.05%.

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Schedules

Individual Fund Statements and Schedules

ALBEMARLE COMMISSION
 Other Postemployment Benefits
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2012	\$ -	\$ 4,455	\$ 4,455	0.00%	\$ 1,344,081	0.33%
12/31/2013	\$ -	\$ 5,945	\$ 5,945	0.00%	1,274,375	0.47%

ALBEMARLE COMMISSION
 Other Postemployment Benefits
 Required Supplementary Information
 Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 1,138	0.00%
2014	868	0.00%

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal and State funds	\$	\$ -	\$
Charges for services		378,295	
Local funds		121,038	
Interest income		81	
Miscellaneous income		6	
Total revenues	<u>524,920</u>	<u>499,420</u>	<u>(25,500)</u>
Expenditures			
Salaries and fringe benefits		227,123	
Indirect costs		9,703	
Contract Services		30,000	
Rent		6,412	
Other operating expenses		119,337	
Total expenditures	<u>436,069</u>	<u>392,575</u>	<u>43,494</u>
Revenues over (under) expenditures	<u>88,851</u>	<u>106,845</u>	<u>17,994</u>
Other financing sources (uses):			
Operating transfers in (out)	(88,851)	(88,851)	-
Fund balance appropriated	-	-	-
Total other financing sources (uses)	<u>(88,851)</u>	<u>(88,851)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	17,994	<u>\$ 17,994</u>
Fund balances, beginning		<u>1,012,302</u>	
Fund balances, ending		<u>\$ 1,030,296</u>	

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Division of Aging Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal and State funds	\$	\$ 2,143,008	\$
Local funds		339,883	
Program income		75,219	
Interest income		108	
Donations		3,391	
Miscellaneous income		26	
Total revenues	<u>3,150,126</u>	<u>2,561,635</u>	<u>(588,491)</u>
Expenditures			
Salaries and fringe benefits		526,705	
Indirect costs		140,822	
Contracted services		996,038	
Other operating expenses		1,017,212	
Total expenditures	<u>3,565,970</u>	<u>2,680,777</u>	<u>885,193</u>
Revenues over (under) expenditures	<u>(415,844)</u>	<u>(119,142)</u>	<u>296,702</u>
Other financing sources (uses):			
Fund balance appropriated	370,326	-	(370,326)
Operating transfers in (out)	<u>45,518</u>	<u>45,518</u>	<u>-</u>
Total other financing sources (uses)	<u>415,844</u>	<u>45,518</u>	<u>(370,326)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(73,624)</u>	<u>\$ (73,624)</u>
Fund balance, beginning		<u>509,578</u>	
Fund balance, ending		<u>\$ 435,954</u>	

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

**Workforce Investment Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal and State funds	\$	\$ 1,674,407	\$
Miscellaneous		171	
Total revenues	<u>2,785,200</u>	<u>1,674,578</u>	<u>(1,110,622)</u>
Expenditures			
Salaries and fringe benefits		702,117	
Indirect costs		180,972	
Contracted services		22,819	
Other operating expenses		768,670	
Total expenditures	<u>2,785,200</u>	<u>1,674,578</u>	<u>1,110,622</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Fund balance appropriated	-	-	-
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Revolving Loan Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Program income	\$	\$ 750	\$
Interest income		6,112	
Miscellaneous income		-	
Total revenues	<u>5,350</u>	<u>6,862</u>	<u>1,512</u>
Expenditures			
Salaries and fringe benefits		1,413	
Indirect costs		40	
Contracted services		-	
Other operating expenses		1,078	
Total expenditures	<u>55,350</u>	<u>2,531</u>	<u>52,819</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>4,331</u>	<u>54,331</u>
Other financing sources (uses):			
Fund balance appropriated	50,000	-	(50,000)
Operating transfers in (out)	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	4,331	<u>\$ 4,331</u>
Fund Balances:			
Beginning of year, July 1		<u>452,735</u>	
End of year, June 30		<u>\$ 457,066</u>	

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

<u>Assets</u>	Incentive and Capacity Bldg Grant	Juvenile Planning Grant Fund	Emergency Medical Services	Community Development and Planning	Economic Development Administration Fund	Total Non-Major Governmental Funds June 30, 2013
Cash and Cash Equivalents	\$ -	\$ 48	\$ 862	\$ -	\$ -	\$ 910
Restricted Cash	-	-	-	41,539	150,816	192,355
Accounts Receivable	1,372	-	-	3,036	45,331	49,739
Prepaid Expense	-	-	-	0	4,400	4,400
Total assets	<u>1,372</u>	<u>48</u>	<u>862</u>	<u>44,575</u>	<u>200,547</u>	<u>247,404</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued expenses	1,372	-	-	112	1,121	2,605
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>1,372</u>	<u>-</u>	<u>-</u>	<u>112</u>	<u>1,121</u>	<u>2,605</u>
Fund Balances:						
Nonspendable:						
Prepaid expenses	-	-	-	-	4,400	4,400
Restricted						
Juvenile Planning Grant	-	48	-	-	-	48
Emergency Medical Services	-	-	862	-	-	862
Community Development and Planning	-	-	-	44,463	-	44,463
Economic Development Administration	-	-	-	-	195,026	195,026
Unassigned	-	-	-	-	4,400	4,400
Total Fund Balance	<u>-</u>	<u>48</u>	<u>862</u>	<u>44,463</u>	<u>199,426</u>	<u>244,799</u>
Total liabilities and fund balances	<u>\$ 1,372</u>	<u>\$ 48</u>	<u>\$ 862</u>	<u>\$ 44,575</u>	<u>\$ 200,547</u>	<u>\$ 247,404</u>

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Incentive and Capacity Bldg Grant	Juvenile Planning Grant Fund	Emergency Medical Services	Community Development and Planning	Economic Development Administration Fund	Total Non-Major Governmental Funds June 30, 2013
Revenues:						
Federal and State grants	\$ 85,183	\$ -	\$ -	\$ 111,014	\$ 262,889	\$ 459,086
Local funds	-	-	-	-	29,008	29,008
Program income	-	-	-	-	-	-
Interest income	-	-	-	5	9	14
Miscellaneous income	-	-	-	-	-	-
Total Revenues	<u>85,183</u>	<u>-</u>	<u>-</u>	<u>111,019</u>	<u>291,906</u>	<u>488,108</u>
Expenditures:						
Salaries and fringe benefits	16,740	-	-	-	169,857	186,597
Indirect costs	4,466	-	-	-	45,187	49,653
Contracted services	15,300	-	-	110,620	92,269	218,189
Other operating expenses	48,677	-	-	396	40,535	89,608
Total Expenditures	<u>85,183</u>	<u>-</u>	<u>-</u>	<u>111,016</u>	<u>347,848</u>	<u>544,047</u>
Revenues over(under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>(55,942)</u>	<u>(55,939)</u>
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	-	43,333	43,333
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,333</u>	<u>43,333</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>(12,609)</u>	<u>(12,606)</u>
Fund Balances:						
Beginning of Year, July 1	<u>-</u>	<u>48</u>	<u>862</u>	<u>44,460</u>	<u>212,035</u>	<u>257,405</u>
End of Year, June 30	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 862</u>	<u>\$ 44,463</u>	<u>\$ 199,426</u>	<u>\$ 244,799</u>

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Incentive and Capacity Building Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal and State funds	\$	\$ 85,183	\$
Miscellaneous		0	
Total revenues	<u>146,902</u>	<u>85,183</u>	<u>(61,719)</u>
Expenditures			
Salaries and fringe benefits		16,740	
Indirect costs		4,466	
Contracted services		15,300	
Other operating expenses		48,677	
Total expenditures	<u>146,902</u>	<u>85,183</u>	<u>61,719</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Fund balance appropriated	-	-	-
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

**Community Development and Planning Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal & State Funds	\$	\$ 111,014	\$
Local funds		-	
Interest income		5	
Total revenues	<u>520,000</u>	<u>111,019</u>	<u>(408,981)</u>
Expenditures			
Salaries and fringe benefits		-	
Indirect costs		-	
Contracted services		110,620	
Other operating expenses		396	
Total expenditures	<u>520,000</u>	<u>111,016</u>	<u>408,984</u>
Revenues over (under) expenditures	<u>-</u>	<u>3</u>	<u>3</u>
Other financing sources (uses):			
Fund balance appropriated	-	-	-
Operating transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>3</u>	<u>\$ 3</u>
Fund Balances:			
Beginning of year, July 1		<u>44,460</u>	
End of year, June 30		<u>\$ 44,463</u>	

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
Economic Development Administration Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Federal & State Funds	\$	\$ 262,889	\$
Local funds		29,008	
Program income		-	
Interest income		9	
Total revenues	<u>337,331</u>	<u>291,906</u>	<u>(45,425)</u>
Expenditures			
Salaries and fringe benefits		169,857	
Indirect costs		45,187	
Contracted services		92,269	
Other operating expenses		40,535	
Total expenditures	<u>380,664</u>	<u>347,848</u>	<u>32,816</u>
Revenues over (under) expenditures	<u>(43,333)</u>	<u>(55,942)</u>	<u>(12,609)</u>
Other financing sources (uses):			
Fund balance appropriated	-	-	-
Operating transfers in (out)	<u>43,333</u>	<u>43,333</u>	<u>-</u>
Total other financing sources (uses)	<u>43,333</u>	<u>43,333</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(12,609)</u>	<u>\$ (12,609)</u>
Fund Balances:			
Beginning of year, July 1		<u>212,035</u>	
End of year, June 30		<u>\$ 199,426</u>	

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

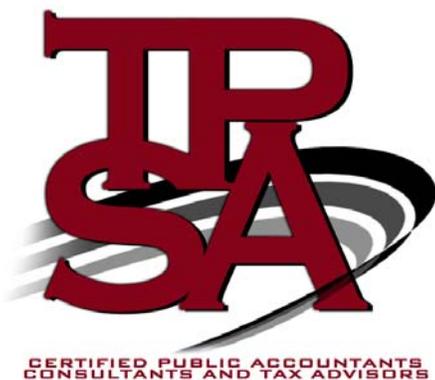
**Schedule of Indirect Costs
For the Year Ended June 30, 2014**

Salaries	\$ 166,344
Fringe Benefits	62,784
Contracted Services	30,000
Leases	1,360
Professional fees	30,964
Memberships / Dues	6,274
Directors' fees	7,675
Insurance	16,342
Travel	9,280
Board Expenses	2,111
Seminars / Training	575
Telephone	6,706
Computer Services & Fees	18,343
Repairs / equipment	400
Printed materials	3,898
Office supplies	5,578
Office equipment	0
Rent	6,412
Miscellaneous	3,003
Advertising	791
Bank Service Charges	0
Postage	2,350
	<hr/>
Total Indirect Costs	<u><u>\$ 381,190</u></u>

Indirect costs allocated as follows:

General Fund	\$ 9,703
Aging	140,822
Workforce Development	180,972
CDBG	-
Incentive & Capacity Grant	4,466
Loan Program	40
Economic Development	45,187
	<hr/>
	<u><u>\$ 381,190</u></u>

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co, P.A.

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

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
Albemarle Commission
Hertford, North Carolina

We have audited, in accordance with the 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, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Albemarle Commission as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the Albemarle Commission's basic financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Albemarle Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Commission'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 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 *Governments Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Rice, Scott, Delaney & Co., P.A.

Whiteville, NC
October 15, 2014



**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

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

To the Board of Directors
Albemarle Commission
Hertford, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Albemarle Commission's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and 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 Albemarle Commission's major federal programs for the year ended June 30, 2014. Albemarle Commission'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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Albemarle Commission'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 Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act 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 Albemarle Commission'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 for each major federal program. However, our audit does not provide a legal determination of Albemarle Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Albemarle Commission complied, in all material respects, with the types of 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 Albemarle Commission is responsible for establishing and maintaining effective internal control over compliance with the typed of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Albemarle Commission's internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

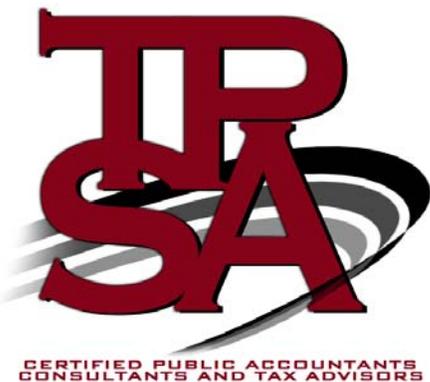
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 type of compliance requirement of a federal program that is less severe than 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have 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.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
October 15, 2014



Report On Compliance With Requirements Applicable to Each Major State Program And
Internal Control Over Compliance; In Accordance With OMB Circular A-133 and the
State Single Audit Implementation Act

To the Board of Directors
Albemarle Commission
Hertford, North Carolina

Report on Compliance for Each Major State Program

We have audited Albemarle Commission's 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 Albemarle Commission's major state programs for the year ended June 30, 2014. Albemarle Commission'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 Albemarle Commission'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 and applicable section 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, OMB Circular A-133, and the state Single Audit Implementation Act 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 Albemarle Commission'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 for each major state program. However, our audit does not provide a legal determination of Albemarle Commission's compliance.

Opinion on Each Major state Program

In our opinion, Albemarle Commission complied, in all material respects, with the types of 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 Albemarle Commission 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 of compliance, we considered Albemarle Commission's internal control over compliance with the types of requirements that could have and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 a 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness 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.

Shompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 15, 2014

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED June 30, 2014**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Aging Cluster
93.044	Title III - Part B Supportive Services
93.045	Title III - Part C Nutrition Services
93.053	Nutrition Services Incentive Program
	Workforce Investment Act Cluster
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Workers

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED June 30, 2014**

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED June 30, 2014**

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

**ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA**

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014**

2013-01 Finding was corrected.

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2014

Grantor Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Federal Awards</u>					
<u>U.S. Department of Health and Human Services:</u>					
Passed through the NC Department of Health and Human Services:					
Division of Aging:					
<u>Aging Cluster</u>					
Special Programs for the Aging - Title III B					
Supportive Services and Senior Centers	93.044		\$ 318,462	\$ 18,732	\$ 37,467
Special Programs for the Aging - Title III C					
Nutrition Services	93.045		576,671	32,355	83,019
Nutrition Services Incentive Program	93.053		101,530	-	-
Total Aging Cluster			996,663	51,087	120,486
Title VI - Special Programs for Aging -					
Elder Abuse	93.041		8,677	510	1,021
Title VI - Special Programs for Aging	93.042		13,006	765	1,530
Title IIIIF - Disease Prevention	93.043		9,314	437	873
Family Caregiver	93.052		109,701	7,313	-
Social Services Block Grant	93.667		61,533	1,758	7,032
Special Programs for the Aging	93.048		7,000	-	-
Medicare Enrollment Assistance Program	93.071		21,410		
Planning Grant - The Money Follows the Person Rebalancing Demonstration Program	93.791		26,132	-	-
Community Transformation Grants	93.531		3,600	-	-
Total U.S. Department of Health and Human Services			1,257,036	61,870	130,942
<u>U.S. Department of Commerce</u>					
Economic Development Support for Planning Organizations	11.302		64,000	-	-
Revolving Loan Fund	11.307		344,701	-	-
Total U.S. Department of Commerce			408,701	-	-
<u>Environmental Protection Agency</u>					
Water Quality Planning 205j	66.454		14,339		
Total Environmental Protection Agency			14,339	-	-

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2014

Grantor Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	State/ Pass-Through Grantor's <u>Number</u>	Federal (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Local <u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>					
Passed through N.C. Housing Finance Agency					
Community Development					
2009 Single Family Rehabilitation Project - Pasquotank	14.239		6,921	-	-
2009 Single Family Rehabilitation Project - Currituck	14.239		5,710	-	-
2010 Single Family Rehabilitation Project - Gates	14.239		<u>98,383</u>	-	-
Total U.S. Department of Housing and Urban Development			<u>111,014</u>	-	-
<u>U. S. Department of Labor</u>					
Passed through N. C. Department of Commerce - Division of Employment and Training:					
Workforce Investment Act Cluster					
WIA - Adult Programs	17.258		665,285	-	-
WIA - Youth Activities	17.259		355,749	-	-
WIA - Dislocated Workers	17.278		<u>734,956</u>	-	-
Total Workforce Investment Act Cluster			<u>1,755,990</u>	-	-
Total U.S. Department of Labor			<u>1,755,990</u>	-	-
U.S. Department of Transportation					
Passed through N.C. Department of Transportation					
State Planning and Research Rural Planning Organization (RPO) Program):					
State Planning and Research	20.205-8		<u>85,582</u>	-	-
Total U.S. Department of Transportation			<u>85,582</u>	-	-
Total Federal Assistance Expended			<u>3,632,662</u>	<u>61,870</u>	<u>130,942</u>
State Grants:					

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2014

Grantor Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>NC Department of Health and Human Services:</u>					
Division of Aging:					
AAA			-	48,262	-
Senior Center Development			-	58,397	19,466
Fan Heat			-	2,000	-
90% State Funds:					
Ombudsman			-	22,760	2,529
Senior In-Home Services			-	588,197	65,355
Home Delivered			-	108,110	12,012
Total N.C. Department of Health and Human Services			-	827,726	99,362
<u>N. C. Department of Transportation</u>					
Regional Bicycle Planning		DOT-24	-	98,968	-
Total N.C. Department of Transportation			-	98,968	-
Total State Assistance Expended			-	926,694	99,362
Total Federal and State Assistance Expended			\$ 3,632,662	\$ 988,564	\$ 230,304

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Albemarle Commission and is presented on the modified basis of accounting. The information in this schedule is presented with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

ALBEMARLE COMMISSION
HERTFORD, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2014

Grantor Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	State/ Pass-Through Grantor's <u>Number</u>	Federal (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Local <u>Expenditures</u>
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Subrecipients

Of the federal and State expenditures presented in the schedule, Albemarle Commission provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Pass-Through</u> <u>Grantor's</u> <u>Number</u>	Federal <u>Expenditures</u>	State <u>Expenditures</u>
HCCBG-C1	93.045		576,671	32,355
HCCBG-State			-	719,067
Sr Center - Gen Purpose			-	58,397
Disease Prev / Health Prom	93.043		9,314	437