

**Neuse River Council of Governments
d/b/a Eastern Carolina Council
New Bern, North Carolina**

Financial and Compliance Reports
Year Ended June 30, 2013

**Eastern Carolina Council of Government d/b/a Eastern Carolina Council
New Bern, North Carolina**

Executive Committee Members

Name	Title	County	Position
Steve Keen	President	Wayne	County Commissioner
Denny Garner	1st Vice President	Greene	County Commissioner
Larry Gladney	2nd Vice Present	Lenoir	LaGrange Town Council
Edward Riggs, Jr.	Treasurer	Pamlico	Mayor Pro-Tern of Alliance
James "Jay" Bender, Jr.	Member	Jones	Mayor of Pollocksville
Pat Prescott	Member	Pamlico	County Commissioner
Robin Comer	Member	Carteret	County Commissioner
Frank Emory	Member	Jones	County Commissioner
Vacant	Member	Onslow	North Topsail Beach Alderman
The Honorable Ray McDonald Sr.	Member	Wayne	Mayor of Mount Olive
Eric Rouse	Member	Lenoir	County Commissioner
Tim Smith	Member	Duplin	County Commissioner
William "Bill" Taylor	Member	Carteret	Councilman of Morehead City
Vacant	Member	Greene	Snow Hill Town Commissioner
Shane Turney	Member	Craven	Town of Trent Woods, Mayor Pro Tem
Steve Tyson	Member	Craven	County Commissioner

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
Neuse River Council of Governments d/b/a Eastern Carolina Council
New Bern, 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 Neuse River Council of Governments d/b/a Eastern Carolina Council (the "Council"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 Council's basic financial statements. The schedules listed on pages 31-35 and the Schedule of Expenditures of Federal and State Awards, as required by the Office of Management and Budget Circular A-133, *Audits of State, 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 accompanying schedules on pages 31-35 and the Schedule of Expenditures of Federal and State Awards on pages 45-51 are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 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 November 13, 2013 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Council's internal control over financial reporting and compliance.



New Bern, NC
November 13, 2013

Management's Discussion and Analysis

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Neuse River Council of Governments d/b/a Eastern Carolina Council

Management's Discussion and Analysis (Unaudited)

This section of the Neuse River Council of Governments d/b/a Eastern Carolina Council ("Council") report represents management's discussion and analysis of the financial performance of the Council for the fiscal year ended June 30, 2013. This information should be read in conjunction with additional information that we have furnished in the Council's financial statements, which follow this narrative.

Regional councils are multi-county planning and development agencies serving different areas of the state. Membership in these councils is voluntary. In North Carolina, the Council is one of sixteen councils that share similar economic, physical and social characteristics.

Financial Highlights

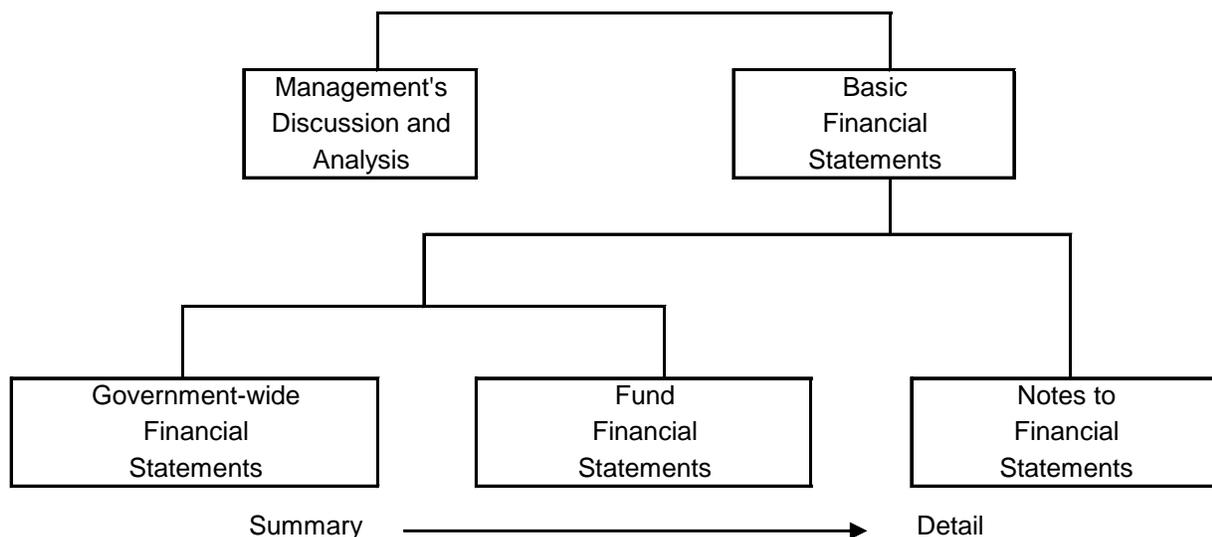
The assets of the Council exceeded its liabilities at the close of the fiscal year by \$489,695 (**net position**).

- The Council's total net position increased by \$174,561 during the fiscal year.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$470,704.
- The Council's fiscal obligation for accumulated personal leave amounts to \$43,197 at June 30, 2013.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Council's basic financial statements. Council's basic financial statements 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 Council through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Council.

Figure 1
Required Components of Annual Financial Report



Neuse River Council of Governments d/b/a Eastern Carolina Council

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements

The first two statements (Pages 9 and 10) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Council's financial status.

The next statements (Pages 11, 12, 13 and 14) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. Budgetary information required by the General Statutes can be found in this part of the statements.

The next section of the basic financial statements is the **Notes to Financial Statements**. The notes to financial statements explain in detail some of the data contained in those statements. After the notes, **supplementary information** is provided to show details about the Council's individual funds. More budgetary information required by the General Statutes can be found in this part of the statements as well as the statement of changes in the fiduciary (agency) fund.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances on the accrual basis, similar in format to financial statements of a private-sector business. The government-wide statements provide short and long-term information about the Council's financial status as a whole.

The two government-wide statements report the Council's net position and it has changed. Net position is the difference between the Council's total assets plus any deferred outflows and total liabilities plus any deferred inflows. Measuring net position is one way to gauge the Council's financial condition.

The government-wide statements present governmental activities only, as the Council has no business-type activities or discretely presented component units. The governmental activities include the Council's basic services. State and federal grant funds finance most of these activities.

The government-wide financial statements are on Pages 9 and 10 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Council's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Council's budget ordinance. All of the funds of Council can be divided into two categories: governmental funds (including the general fund and all special revenue funds) and one fiduciary fund.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Management's Discussion and Analysis (Unaudited)

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Council's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that 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 Council'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 reconciliations that are a part of the fund financial statements.

The Council adopts an annual budget for all Funds as required by North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Council's member local governments, the management of the Council, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Council to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Council complied with the budget ordinance and whether or not the Council succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting (the modified accrual basis) 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.

Fiduciary Funds – Fiduciary funds are used to account for resources received and held for the benefit of parties outside of the government. The Council has one agency fund.

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 15 through 28 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain other supplementary information. That information can be found beginning on page 31 of this report.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Analysis

Table 1
Condensed Statements of Net Position as of June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Assets		
Current and other assets	\$ 868,013	\$ 777,836
Noncurrent assets	46,452	35,505
Total assets	914,465	813,341
Liabilities		
Current liabilities	381,573	436,104
Long-term liabilities	43,197	62,103
Total liabilities	424,770	498,207
Net position:		
Invested in capital assets, net of related debt	28,542	8,417
Restricted net position	223,210	306,699
Unrestricted net position	237,943	18
Total net position	\$ 489,695	\$ 315,134

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Council exceeded liabilities by \$489,695 as of June 30, 2013. The Council's net position increased by \$174,561 for the fiscal year ended June 30, 2013. \$28,542 of net position reflects the Council's investment in its capital assets; consequently these assets are not available for future spending. \$223,210 of net assets is restricted and the remaining balance of \$237,943 is unrestricted.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Analysis (Continued)

Table 2

Condensed Statements of Net Activities for the Years Ended June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 155,882	\$ 110,962
Operating grants and contributions	5,531,053	5,762,002
General revenues:		
Grants and contributions not program restricted	176,980	201,878
Investment earnings	242	507
Total revenues	5,864,157	6,075,349
Expenses:		
General government	51,955	236,458
Transportation	303,020	405,378
Environmental protection	5,651	14,459
Economic and physical development	179,730	226,929
Human services	5,149,240	5,302,066
Total expenses	5,689,596	6,185,290
Revenues over(under) expenses	174,561	(109,941)
Special item:		
Termination of RLF program	-	(962,454)
Change in net position	174,561	(1,072,395)
Net position, beginning of year	315,134	1,387,529
Net position, June 30	\$ 489,695	\$ 315,134

Governmental activities increased the Council's net position by \$174,561 thereby accounting for 100% of the total increase in the net position of the Council. The Council's revenues and expenses decreased by \$211,195 and \$495,694, respectively from fiscal year 2012 to fiscal year 2013. The primary cause of the decrease in revenues and expenses was the federal sequester that took place during the fiscal year as well as a reduction in workforce.

Financial Analysis of the Council's Funds

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

Governmental Funds. The focus of the Council's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Council's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Management's Discussion and Analysis (Unaudited)

The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, fund balance was \$495,415 for the general fund, of which \$272,205 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. General fund unassigned fund balance represents 82.1% of total general fund expenditures before indirect cost allocation.

At June 30, 2013, the governmental funds of the Council reported a combined fund balance of \$470,704, a 41.7% increase over the June 30, 2012 combined balance.

Governmental Funds Budgetary Highlights

During the fiscal year, the Council revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and (3) increased in appropriations that become necessary to maintain service.

The Council made several budget amendments due to increases or decreases in federal and State funding for various programs, and decreases in general administration. Total amendments to the Council's budget decreased budgeted revenues by \$23,614. This decrease is primarily due to federal government sequestration, which led to lower funding.

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

Capital assets. The Council's investment in capital assets for its governmental activities as of June 30, 2013 totals \$28,542 (net of accumulated depreciation). These assets include furniture, fixtures, software and equipment used for operations and are scheduled in the Notes to Financial Statements.

Budgetary Highlights for the Coming Fiscal Year

The Council adopted a budget of \$5,525,399 for the fiscal year ending June 30, 2014 which is an eight percent (8.4%) or \$507,398 decrease from the original adopted budget for the previous year. The decrease is primarily due a decrease in expected federal and state funding in the Aging program. The contribution rate of .353 cents per capita for member governments to the Council remains the same. The Council has a positive outlook for the upcoming year.

Requests for Information

This report is designed to provide an overview of the Council'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:

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Neuse River Council of Governments
d/b/a Eastern Carolina Council
233 Middle Street, 3rd Floor
PO Box 1717
New Bern, NC 28563-1717
(252) 638-3185, Ext 3028
twilliams@eccog.org

Neuse River Council of Governments d/b/a Eastern Carolina Council

Statement of Net Position

June 30, 2013

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 280,909
Accounts receivable	21,293
Awards receivable	565,811
Total current assets	<u>868,013</u>
Notes receivable	17,910
Capital assets, net of depreciation	28,542
Total assets	<u><u>914,465</u></u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	41,632
Due to member counties	339,941
Total current liabilities	<u>381,573</u>
Long-term liabilities	43,197
Total liabilities	<u><u>424,770</u></u>
Net Position	
Invested in capital assets, net of related debt	28,542
Restricted net position	223,210
Unrestricted net position	237,943
Total net position	<u><u>\$ 489,695</u></u>

See Notes to Financial Statements.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Primary Governmental Activities
Governmental activities:				
General Government	\$ 51,955	\$ 155,882	\$ -	\$ 103,927
Transportation	303,020	-	287,535	(15,485)
Environmental Protection	5,651	-	5,652	1
Economic and Physical Development	179,730	-	166,721	(13,009)
Human Services	5,149,240	-	5,071,145	(78,095)
Total governmental activities	\$ 5,689,596	\$ 155,882	\$ 5,531,053	(2,661)
General revenues:				
Local dues				176,980
Unrestricted investment earnings				242
Total general revenues				177,222
Change in net position				174,561
Net position, beginning of year				315,134
Net position, end of year				\$ 489,695

See Notes to Financial Statements.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Balance Sheet - Governmental Funds
June 30, 2013

	Major Funds		Total Governmental Funds
	General	Special Revenue	
Assets			
Cash and cash equivalents	\$ 280,909	\$ -	\$ 280,909
Accounts receivable	21,293	-	21,293
Awards receivable	-	565,811	565,811
Notes receivable	-	17,910	17,910
Due from other funds	201,917	-	201,917
Total assets	\$ 504,119	\$ 583,721	\$ 1,087,840
Liabilities and fund balance (deficit)			
Accounts payable and accrued liabilities	\$ 8,704	\$ 32,928	\$ 41,632
Due to member counties	-	339,941	339,941
Due to other funds	-	201,917	201,917
Total liabilities	8,704	574,786	583,490
Deferred Inflows of Resources			
Unavailable grant receivables	\$ -	\$ 33,646	\$ 33,646
Fund balance (deficit)			
Nonspendable			
Notes receivable	-	17,910	17,910
Restricted			
Stabilized by State statute	223,210	532,165	755,375
Unassigned fund balance	272,205	(574,786)	(302,581)
Total fund balance (deficit)	495,415	(24,711)	470,704
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 504,119	\$ 583,721	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	28,542
Revenues are recognized when measurable and available, therefore unavailable revenues are considered deferred inflows of resources in the fund financial statements	33,646
Some liabilities, including accrued vacation are not due and payable in the current period and therefore are not reported in the funds	(43,197)
Net position of governmental activities	\$ 489,695

See Notes to Financial Statements.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

Governmental Funds - Annual Budget and Actual

General and Major Special Revenue Funds, with Total Governmental Funds Actual
Year Ended June 30, 2013

	General			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Federal government grants	\$ -	\$ -	\$ -	\$ -
State government grants	-	-	-	-
Local contributions	213,560	169,765	176,980	7,215
Interest income	150	150	242	92
Contract services			163,682	163,682
In-kind	-	-	-	-
Total revenues	213,710	169,915	340,904	170,989
Expenditures				
General government	380,560	254,891	90,986	163,905
Transportation	-	-	-	-
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Total expenditures	380,560	254,891	90,986	163,905
Revenues over (under) expenditures	(166,850)	(84,976)	249,918	334,894
Other financing sources (uses)				
Transfers in	166,850	123,514	-	123,514
Transfers out		(38,538)	(93,508)	(54,970)
Total other financing sources (uses)	166,850	84,976	(93,508)	(178,484)
	-	-	156,410	156,410
Appropriated fund balance			-	-
Net change in fund balance	\$ -	\$ -	156,410	\$ 156,410
Fund balance (deficit), beginning			<u>339,005</u>	
Fund balance (deficit), end of year			<u>\$ 495,415</u>	

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) of the General and Special Revenue Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period

Governmental funds recognize revenues when measurable and available

Available is defined as cash to be received within 90 days. This is the amount of change from the previous year's amount

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

Change in net position of governmental activities

See Notes to Financial Statements.

Special Revenue				Total Governmental Funds
Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Original	Final			
\$ 5,151,738	\$ 5,115,447	\$ 2,939,209	\$ (2,176,238)	\$ 2,939,209
438,454	474,539	2,394,729	1,920,190	2,394,729
-	-	46,109	46,109	223,089
2,600	3,880	1,526	(2,354)	1,768
222,295	241,402	139,381	(102,021)	303,063
4,000	4,000	5,333	1,333	5,333
<u>5,819,087</u>	<u>5,839,268</u>	<u>5,526,287</u>	<u>(312,981)</u>	<u>5,867,191</u>
-	-	-	-	90,986
301,547	309,047	303,020	6,027	303,020
-	19,867	5,651	14,216	5,651
123,679	197,879	179,730	18,149	179,730
<u>5,227,011</u>	<u>5,227,499</u>	<u>5,149,240</u>	<u>78,259</u>	<u>5,149,240</u>
<u>5,652,237</u>	<u>5,754,292</u>	<u>5,637,641</u>	<u>116,651</u>	<u>5,728,627</u>
166,850	84,976	(111,354)	(196,330)	138,564
(166,850)	38,538 (123,514)	93,508 -	54,970 (123,514)	93,508 (93,508)
(166,850)	(84,976)	93,508	178,484	-
-	-	(17,846)	(17,846)	138,564
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>(17,846)</u>	<u>\$ (17,846)</u>	<u>138,564</u>
		(6,865)		332,140
		<u>\$ (24,711)</u>		<u>\$ 470,704</u>
				\$ 138,564
				20,125
				(3,034)
				18,906
				<u>\$ 174,561</u>

Neuse River Council of Governments d/b/a Eastern Carolina Council

**Statement of Fiduciary Net Position
June 30, 2013**

Assets

Accounts receivable	<u><u>\$ 13,988</u></u>
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Liabilities

Accounts payable	<u><u>\$ 13,988</u></u>
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See Notes to Financial Statements.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of Neuse River Council of Governments d/b/a Eastern Carolina Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council's accounting policies are described below.

A. Reporting Entity

Neuse River Council of Governments d/b/a Eastern Carolina Council ("the Council") was formed as a jointly governed entity on May 9, 1967 to perform and carry out such powers, duties and responsibilities as authorized by North Carolina legislation. The Council is one of the 17 regional councils of government formed pursuant to the General Statutes of North Carolina, Chapter 160A, Article 20, Part 2. Membership in the Council is composed of local governmental units who have:

1. Made application to the Council by resolution and adoption of the Council Charter and Bylaws.
2. Received membership acceptance and approval by the Board of Directors.
3. Appropriated in their annual budgets the pro-rata assessment for the support of the Council's operation.
4. Paid their annual pro-rata membership dues and are otherwise members in good standing.

As described below, although the Council is accounted for as a governmental entity, the Council does not have the statutory authority to levy taxes or issue bonds.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's statements to be misleading or incomplete. The Council has no component units, and is not a component unit of any other entity

B. Governance

The Board is constituted in a two-part governance:

1. The Executive Committee meets monthly and is comprised of the following:
 - a. One county commissioner appointed by the member county.
 - b. One city/town alderman or councilman representing a member municipality elected by caucus of the member municipalities in that county.
 - c. Maximum number of Executive Committee is eighteen.
 - d. Officers of the Board are elected from those serving on the Executive Committee.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

2. General membership board meets twice a year and is comprised of the following:
 - a. The Executive Committee.
 - b. Additional members appointed as necessary to satisfy Federal requirements on Board composition. The Boards of County Commissioners of the appropriate counties would select these additional members.

Dues and administrative fees received from the related local governments amounted to \$176,980 for the year ended June 30, 2013. In addition, local governments contributed \$5,333 as in-kind contributions.

The officers of the Council consist of a president, a first and second vice-president, and a treasurer, all of whom are elected from and by the Board of Directors of the Council; and the Executive Director who serves as secretary.

C. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government, and exclude any fiduciary funds. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and any business-type activities of a local government unit. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Council has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have not been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including member dues, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Council's funds. The Council currently maintains the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Council. The General Fund accounts for and reports all unrestricted resources except those required to be accounted for in other funds.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted by law or account for administrative action to expend funds for specified purposes. The primary revenue sources are federal and State grants, and the primary expenditures are for human services. The departments within this special revenue fund with current year operations are Transportation, Economic and Physical Development, Human Services, and Environmental Protection.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Council's fiduciary fund consists of:

The Coastal Coalition for Substance Abuse Prevention Fund – The agency fund is custodial in nature and does not involve the measurement of operating results. The fund is used to account for assets the Council holds on behalf of others. The Council maintains one agency fund for the purpose of accounting for the activities of CCSAP monies awarded to a regional nonprofit organization for which the Council acts as fiscal agent.

D. Measurement Focus and Basis of Accounting

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Funds 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. General capital asset acquisitions are reported as expenditures in governmental funds.

The Council considers all revenues available if they are collected within 90 days after year-end. Those revenues susceptible to accrual are member's dues, investment earnings, technical assistance contracts and fees, and federal and State restricted intergovernmental revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied, subject to meeting the available criterion. Grant receipts which are unearned at year-end are included in deferred inflows of resources.

E. Budgetary Data

The Council's budgets are adopted, as required by the North Carolina General Statutes, annually for all funds. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the program or project level. The Council's Budget Officer is authorized to transfer appropriations within a program or project; however, any revisions that alter total expenditure of any program must be approved by the governing board.

The appropriations are formally budgeted and legally controlled on a program or project basis. The annual budget, which is prepared on the modified accrual basis of accounting as required by North Carolina statute, is amended during the fiscal year by the Board of Directors, and the final budget amounts reflected in the statement of revenues, expenditures, and changes in fund balance (deficit) represent the budget as amended to June 30, 2013. Unencumbered annual appropriations lapse at each fiscal year-end and must be re-appropriated in the following fiscal year's budget.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

F. Estimates

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

G. Indirect Costs

Indirect costs in program or project expenditures are those costs not readily assignable to a program or incurred for a common or joint purpose benefiting more than one program or project. Indirect costs are charged to programs or projects during the year based on direct salaries and fringe benefits using a cost methodology plan approved by the United States Department of Commerce.

The United States Department of Commerce continues to be the cognizant agency for the Council. As a local government entity, and a public authority, the Council complies with the indirect cost methodology regulated by the Office of Management and Budget ("OMB") Circular A-87 (revised 5/10/04), and the North Carolina State Treasurer Policies, Section 55, User Fees - Utilizing Expense / Expenditure Information.

Per definition of OMB A-87, the Council is a multi-function entity. The multi-functions include five (5) categories or functions: General Government, Transportation, Environmental Protection, Economic and Physical Development, and Human Services. To comply with the requirements of OMB A-87, E.C.1.b., the Council captures all indirect costs into one separate cost pool at the time of expenditure. On a monthly basis, the indirect costs are allocated to each function, and to individual awards and activities within that function, by means of the indirect cost methodology stated in A-87, E.C.3.e – direct salaries and wages. Each month a percentage relationship is determined between salaries of a particular award or activity and its relation to the total salaries for the Council as a whole. The determined percentage is applied to all indirect costs held in the pool. The indirect costs are then distributed to indirect line-items within each award or activity on that basis.

H. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the Council are made in board-designated official depositories and are collateralized as required by North Carolina General Statute 159-31. The Council may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. The Council may establish time deposits such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

All of the Council's deposits are either insured or collateralized under the Pooling Method, a system of state-wide single financial institution collateral pools, whereby all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Council, these deposits are considered to be held by the Council's agent in the Council'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 Council or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Council under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each Pooling method depository. The Board has no formal policy regarding custodial credit risk for deposits, but informally complies with North Carolina General Statute 159-31.

At June 30, 2013, the Council's deposits had a carrying amount of \$280,909 and a bank balance of \$363,643. Of the bank balance, \$250,000 is covered under FDIC insurance and \$113,643 is covered under the pooling method. The Council's non-interest bearing certificates of deposit in the amount of \$35,002, a requirement of the Council's current depository agreement, are included in the deposits.

North Carolina General Statute 159-30(c) authorizes the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public Council; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). At June 30, 2013, the Council did not have any investments.

2. Notes Receivable

Loans are recognized as funds are lent. Because the Council's notes receivable are long-term, they do not meet the definition of a current asset under the "current financial resources measurement focus" described above and, therefore, a like amount of the Council's special revenue fund balance is reported as nonspendable in the governmental funds balance sheet. Notes receivable determined to be uncollectible are shown in the statement of revenue, expenditures, and changes in fund balance as a reduction of fund balance. The amount of principal due within one year on notes receivable is considered immaterial.

3. Capital Assets

Capital assets are reported in the governmental-wide financial statements only and are defined by the Council as assets with an initial, individual cost greater than a certain cost and an estimated useful life in excess of two years. For the year ended June 30, 2013, the Council continued its policy to set the cost of capital assets at \$5,000. Therefore, capital assets meeting this policy threshold are recorded at cost or estimated historical cost. Donated assets are listed at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Any gain or loss on disposition is reflected in the earnings for the period. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

4. Compensated Absences

Employees may accumulate up to 240 hours earned personal leave with such leave being fully vested when earned. Accumulated earned personal leave at June 30, 2013 was \$43,197. The Council's liability for accumulated earned personal leave as of June 30, 2013 is recorded in the government-wide financial statements and is considered to be used on a LIFO basis, assuming that employees are taking leave time as it is earned. The current portion of the accumulated personal leave pay is not considered to be material and therefore, no provision has been made in the accompanying financial statements.

Personal leave time accrued over the allowed 240 hours in any given month is rolled over as banked sick time. Employees can accumulate an unlimited amount of banked sick leave. Banked sick leave does not vest, but any unused banked sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Council has no obligation for accumulated bank sick leave, no accrual for banked sick leave has been made. Banked sick leave is expensed in the period when staff use their banked sick leave.

In the governmental fund financial statements, an expenditure and a liability for compensated absences is recorded when payable, which occurs when the personal leave or sick leave is used or upon termination of an employee.

5. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement represents an acquisition of net position or fund balance that applies to a future period and therefore is not recognized as revenue until that time. The Council at times has deferred inflows reported in the Governmental Balance Sheet due to receivables not being available within 90 days.

6. Net Position/Fund Balances

Net Position

Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

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

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Governmental fund balance 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.

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

Restricted fund balance:

Restricted for Stabilization of State Statute – Portion of fund balance, which is not available for appropriation under North Carolina General Statute 159-8(a). This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by unavailable receivables.

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

I. Revenues, Expenditures and Expenses

1. Other Resources

The general fund provides the basis of local resources for the special revenue fund. These transactions are recorded as “Transfers out” or “Transfer of local matching funds” in the General Fund and “Transfers in” or “Transfer of local matching funds” in the receiving fund.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 2. Detailed Notes on All Funds

A. Assets

1. Accounts and Awards Receivable

At June 30, 2013, accounts and awards receivable totaling \$610,042 consists of the following amounts due, principally from grantor agencies in the Special Revenue Fund:

General Fund	<u>\$ 21,293</u>
Special Revenue Fund	
Environmental Protection	5,652
Transportation	112,040
Economic and Physical Development	35,841
Human Services	<u>412,278</u>
	<u>565,811</u>
	<u>\$ 587,104</u>

2. Notes Receivable

Notes receivable at June 30, 2013 totaled \$17,910 representing unpaid balances on loans to small businesses in eastern North Carolina. The loan program purpose is to create new jobs or maintain existing jobs in the region. The loan terms call for interest rates ranging from 6.5% to 9.0% and maturity dates range from July 2013 to August 2017. Payments are made monthly. The loans are collateralized in a number of ways depending on the business served. Types of collateral securing existing loans consist of: real estate, certificates of deposit, inventory, accounts receivable, vehicle titles, and life insurance policies. Certain notes have personal guarantees.

At June 30, 2013 the Council has not provided for a valuation allowance as it considers all outstanding loans to be fully collectible.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

3. Capital Assets

The capital assets activity for the year ended June 30, 2013 is as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets being depreciated:				
Council equipment	\$ 167,579	\$ 28,675	\$ -	\$ 196,254
Less accumulated depreciation for:				
Council equipment	(159,162)	(8,550)	-	(167,712)
Governmental activity capital assets, net	<u>\$ 8,417</u>	<u>\$ 20,125</u>	<u>\$ -</u>	<u>\$ 28,542</u>

Depreciation expense was charged to governmental functions as follows:

General Fund	<u>\$ (8,550)</u>
	<u>\$ (8,550)</u>

B. Liabilities and Deferred Inflows of Resources

1. Deferred Inflows

Deferred inflows as of June 30, 2013 consist of the following balances in the governmental funds:

Special Revenue Fund	
Human Services receivables not collected within 90 days	1,298
Transportation receivables not collected within 90 days	<u>32,348</u>
Total Special Revenue Funds	<u>33,646</u>
	<u>\$ 33,646</u>

2. Long-Term Obligation Activity

The following is a summary of long-term obligation changes for the fiscal year ended June 30, 2013:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Compensated absences	\$ 62,103	\$ 65,142	\$ 84,048	\$ 43,197

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

3. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Council contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the Council 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) of 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. The Council is required to contribute at an actuarially determined rate. For the Council, the current rate for employees is 6.74% of annual covered payroll. The contribution requirements of members and of the Council are established and may be amended by the North Carolina General Assembly. The Council's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$41,211, \$45,160 and \$42,010, respectively. The contributions made by the Council equaled the required contributions for each year.

Supplemental Retirement Income Plan

Plan Description. The Council contributes to the Supplemental Retirement Income Plan, a defined contribution retirement (401k) plan administered by the Department of State Treasurer and a Board of Trustees. Article 5 of G.S Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is also included in the CAFR of the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. 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.

Full time employees of the Council are eligible for the supplemental retirement plan. Under this plan, an employee may contribute a percentage of their annual gross salary as limited by federal tax laws. Additionally, the Council contributes 3% of an eligible employee's gross salary to the supplemental retirement plan, regardless of the employee's contribution. The Council's contribution to the 401(k) plan for the year ended June 30, 2013 was \$16,886.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 2. Detailed Notes on All Funds (Continued)

4. Post Employment Benefits

The Council has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Government Employees' Retirement System (the System), a multi-employer State administered cost-sharing plan funded on a one-year term cost basis. Lump sum death benefits are provided to employees who have completed one year as a contributing member in the System and (a) die in active service or (b) die within 180 days of retirement or termination of service. Lump sum death benefit payments to beneficiaries equal to the employee's 12 highest month's salary in a row during the 24 months prior to his or her death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan.

The Council has no liability beyond the payment of monthly contributions. Annually, the State sets the Council's monthly contribution rate for death benefits as a percentage of monthly payroll. For the fiscal year ended June 30, 2013, the Council did not make any contributions to the State of North Carolina death benefits plan as none were required. Because the benefit payments are made by the Death Benefit Plan and not the Council, the Council does not determine the number of eligible participants.

5. Fund Balance

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

Total fund balance	\$ 495,415
Less:	
Stabilized by state statute	<u>223,210</u>
Remaining fund balance	<u><u>\$ 272,205</u></u>

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 3. Summary Disclosure of Other Significant Commitments and Contingencies

A. Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council participates in a self-funded risk financing pool administered by the North Carolina Association of County commissioners, transferring risk to the pool. Through this pool the Council obtains property insurance coverage of \$710,000 and general liability coverage of \$2 million. The pool is reinsured through commercial companies for single occurrence losses in excess of \$500,000 for property coverage and \$500,000 for general liability. The Council carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the past five fiscal years.

The Council purchased public officials bonds for the Finance Officer, Executive Director and Development Director in the amount of \$50,000.

In accordance with G.S. 159-29, the Council's employees that have access to \$100 or more at any given time of the Council's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$100,000. In addition, all employees are bonded under a blanket employee dishonesty bond for \$250,000.

B. Operating Lease

The Council is committed under an office space lease, which is considered for accounting purposes to be an operating lease. The Council also has noncancelable leases for certain office equipment. Rent under these leases for the year ended June 30, 2013, amounted to \$52,063. Future minimum lease payments for the office and equipment leases are as follows:

<u>Year Ended June 30,</u>	<u>Total Minimum Lease Payments</u>
2014	\$ 49,980
2015	49,980
2016	46,276
2017	4,674
2018	3,816
	<u>\$ 154,726</u>

C. Federal and State Assisted Programs

The Council has received significant amounts of proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies. Due to the Council's reliance on government funding sources, changes in State and federal budgets could have a significant effect on the Council's future operations.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 4. Related Party Transactions

During the year ended June 30, 2013, the Council received and recorded dues revenues of \$176,980 from member governments, including Carteret, Craven, Duplin, Greene, Jones, Lenoir, Onslow, Pamlico and Wayne Counties and the municipalities within their boundaries.

Also during the year ended June 30, 2013, the Council expended the following amounts to member governments, in the form of pass-through monies:

Carteret County	\$ 490,699
Craven County	679,260
Duplin County	477,774
Greene County	241,665
Jones County	162,809
Lenoir County	498,555
Onslow County	725,471
Pamlico County	198,505
Wayne County	852,862
	<u>4,327,600</u>

Due to member counties are presented separately on the statement of net position and balance sheet.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Notes to Financial Statements

Note 5. Implementation of New Pronouncements

GASB Statement No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 2989 FASB and AICPA Pronouncements* is effective for the fiscal year ended June 30, 2013. This pronouncement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that was issued before November 30, 1989. The Council determined that the implementation of GASB Statement No. 62 had no effect on the financial statements.

The Council implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ended June 30, 2013. In accordance with GASB Statement No. 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, the Council has determined that the implementation of GASB Statement No. 65 had no material effect on the current year financial statements.

Note 6. Pronouncements Issued, Not Yet Implemented

The GASB has issued several pronouncements prior to June 30, 2013 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Council,

GASB Statement Number 66, "Technical Corrections – 2012 – An Amendment of GASB Statement No. 10 and No. 62" will be effective for the Council beginning with its year ending June 30, 2014.

GASB Statement Number 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" will be effective for the Council beginning with its year ending June 30, 2014.

GASB Statement Number 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" will be effective for the Council beginning with its year ending June 30, 2015.

GASB Statement Number 69, "Government Combinations and Disposals of Government Operations" will be effective for the Council beginning with its year ending June 30, 2015

GASB Statement Number 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" will be effective for the Council beginning with its year ending June 30, 2014.

Note 7. Commitments and Contingencies

The Agreement to Terminate the Financial Assistance Award for Convenience with the EDA related to the RLF in fiscal year 2012 did not relieve the Council of the obligation to pay the federal share on any amounts recovered on defaulted loans for a period of 10 years.

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Neuse River Council of Governments d/b/a Eastern Carolina Council

Statement of Revenues and Expenditures by Program
General Fund
For the Year Ended June 30, 2013

<hr/>	
Revenues	
Local	\$ 176,980
Interest	242
Contract revenues	<u>163,682</u>
Total revenues	<u>340,904</u>
Expenditures	
Compensation and benefits	91,583
Board and advisory expenses	25,120
Travel	5,660
Rent	50,221
Utilities and maintenance	31,423
Training	866
Dues and publications	2,201
Supplies	35,973
Professional services	69,534
Systems administration	18,365
Special projects	162
Miscellaneous	<u>562</u>
	331,670
Indirect costs allocated	<u>(240,684)</u>
Total expenditures	<u>90,986</u>
Revenues over expenditures	249,918
Operational matching transfers (out)	<u>(93,508)</u>
Revenues under expenditures and other financing uses	<u>\$ 156,410</u>

Neuse River Council of Governments d/b/a Eastern Carolina Council

Combining Statement of Revenues and Expenditures by Program
 Special Revenue Fund
 For the Year Ended June 30, 2013

	Transportation	Environmental Protection	Economic and Physical Development	Human Services	Total Special Revenue Funds
Revenues					
Federal	\$ 169,702	\$ 5,652	\$ 39,499	\$ 2,724,356	\$ 2,939,209
State	56,671	-	20,506	2,317,552	2,394,729
Local	46,109	-	-	-	46,109
Interest	-	-	1,526	-	1,526
Contract revenues	-	-	114,642	24,739	139,381
Program fees	-	-	-	-	-
In-kind	-	-	2,133	3,200	5,333
Total revenues	272,482	5,652	178,306	5,069,847	5,526,287
Expenditures					
Direct support to counties, others	-	-	-	4,427,133	4,427,133
Compensation and benefits	169,039	3,709	113,545	404,957	691,250
Board and advisory expenses	438	-	175	2,338	2,951
Travel	14,998	9	6,522	44,592	66,121
Rent	480	-	240	1,122	1,842
Maintenance	5,023	-	1,972	14,536	21,531
Advertising	-	-	96	-	96
Training	1,089	-	1,897	17,591	20,577
Dues and publications	335	-	2,874	1,565	4,774
Supplies	29,824	20	3,846	19,113	52,803
Professional services	18,045	500	6,117	47,522	72,184
Systems administration	3,166	-	1,580	5,948	10,694
In-kind	-	-	2,133	3,200	5,333
Special projects	-	-	158	19,510	19,668
Indirect costs	60,583	1,413	38,575	140,113	240,684
Total expenditures	303,020	5,651	179,730	5,149,240	5,637,641
Revenues under expenditures	(30,538)	1	(1,424)	(79,393)	(111,354)
Operational matching transfers in	-	-	21,178	72,330	93,508
Revenues and other financing sources over (under) expenditures	\$ (30,538)	\$ 1	\$ 19,754	\$ (7,063)	\$ (17,846)

Neuse River Council of Governments d/b/a Eastern Carolina Council

**Schedule of Member Dues and Administrative Fees Paid
For the Year Ended June 30, 2013**

County	
Carteret	\$ 24,242
Craven	35,567
Duplin	21,047
Greene	7,626
Jones	3,822
Lenoir	21,208
Onslow	15,050
Pamlico	5,137
Wayne	43,281
	<u>\$ 176,980</u>

Neuse River Council of Governments d/b/a Eastern Carolina Council

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

		FY 2013 Indirect Rate
Indirect Rate Calculation		
Total indirect expenditures fiscal year 2012 (budgeted)	=	\$ 292,144
Total direct salaries fiscal year 2012 (budgeted)		\$ 611,532
		47.8%
Total Direct Salaries fiscal year 2013		512,946
General Fund Charges		4,504
Special Revenue Fund Charges		240,684
Total Indirect costs charged fiscal year 2013		\$ 245,188

The Council does not use a Fringe Benefit Rate. Fringe Benefits are charged directly to the program or cost center by staff person.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Schedule of Changes in Fiduciary Net Position - Agency Fund
For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Assets				
Cash	\$ -	\$ 86,522	\$ 86,522	\$ -
Accounts receivable	26,312	13,988	26,312	13,988
Total assets	<u>\$ 26,312</u>	<u>\$ 100,510</u>	<u>\$ 112,834</u>	<u>\$ 13,988</u>
Liabilities				
Escrow funds	\$ -	\$ 86,522	\$ 86,522	\$ -
Accounts payable	26,312	13,988	26,312	13,988
Total liabilities	<u>\$ 26,312</u>	<u>\$ 100,510</u>	<u>\$ 112,834</u>	<u>\$ 13,988</u>

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Compliance Section

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**Independent Auditor's 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 Executive Committee
Neuse River Council of Governments d/b/a Eastern Carolina Council
New Bern, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Neuse River Council of Governments d/b/a Eastern Carolina Council (the "Council"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated November 13, 2013.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed address and date.

New Bern, North Carolina
November 13, 2013



Independent Auditor's Report on Compliance for each Major Federal Program and Report on Internal Control Over Compliance

To the Executive Committee
 Neuse River Council of Governments d/b/a Eastern Carolina Council
 New Bern, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Neuse River Council of Governments d/b/a Eastern Carolina Council's (the "Council's")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State Single Audit Implementation Act that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2013. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council 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, 2013.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 Council'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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



New Bern, North Carolina
November 13, 2013

Neuse River Council of Governments d/b/a Eastern Carolina Council

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(as) identified?	Yes	<u>✓</u>	No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> </u> ✓	None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> </u> ✓	No

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> </u> ✓	No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> </u> ✓	None Reported

Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> </u> Yes	<u> </u> ✓	No

Identification of major federal programs:		
CFDA Number	Program Name or Cluster	
Aging Cluster		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	
93.053	Nutrition Services Incentive Program	
93.667	Social Services Block Grant	

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes ✓ No

(Continued)

Neuse River Council of Governments d/b/a Eastern Carolina Council

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013**

Section II - Financial Statement Findings

No findings noted in fiscal year 2013

Section III - Federal Award Findings and Questioned Costs

No findings noted in fiscal year 2013

(Continued)

Neuse River Council of Governments d/b/a Eastern Carolina Council

**Corrective Action Plan
Year Ended June 30, 2013**

No findings noted for fiscal year 2013.

Neuse River Council of Governments d/b/a Eastern Carolina Council

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013**

Finding 12-1

Internal Control - Prior Period Adjustment

Status:

The Council has implemented a new accounting software as well as new accounting policies to ensure that revenue is recognized in the proper period.

Neuse River Council of Governments d/b/a Eastern Carolina Council

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013

	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures	State Expenditures	Total Expenditures
Federal Programs					
<u>US Department of Health & Human Services</u>					
Passed through NC Dept of Health and Human Services					
NC Division of Aging & Adult Services					
Adult Services Aging Cluster:					
(93.044, 93.045 & 93.053):					
Special Programs for the Aging - Title III B	93.044	NC-15			
Planning and administration			\$ 71,352	\$ 3,845	\$ 75,197
Ombudsman			88,325	5,196	93,521
Ombudsman - 90% State Funds			-	40,019	40,019
Legal Services			24,817	1,446	26,263
Access			413,054	24,297	437,351
Access 90% State Funds			-	222,342	222,342
In Home/Support Services			197,617	11,625	209,242
In Home/Support Services - 90% State Funds			-	1,312,927	1,312,927
Special Programs for the Aging - Title III C	93.045	NC-15			
Planning and Administration			128,860	7,069	135,929
Congregate Meals			715,632	42,096	757,728
Home Delivered Meals			240,022	14,119	254,141
Home Delivered Meals - 90% State			-	475,124	475,124
Nutrition Services Incentive Program (NISIP)	93.053	*	209,762	-	209,762
Total Aging Cluster			2,089,441	2,160,105	4,249,546
MIPPA II	93.518	NC-15	6,846	-	6,846
Special Programs for the Aging - Title III D	93.043	NC-15			
Preventive Health			39,788	2,588	42,376
Social Services Block Grant In-home	93.667	NC-15	219,270	6,265	225,535
Elder Abuse Prevention	93.041	NC-15			
Title VII Elder Abuse			10,412	618	11,030
Special Programs for the Aging - Title VII E	93.042	NC-15			
Ombudsman			11,958	703	12,661
Disaster Assistance	93.048	NC-15	670	-	670
Options Counseling	93.517	NC-15	1,824	-	1,824
Money Follows the Person					
Rebalancing Demonstration	93.791	NC-15	64,508	-	64,508
National Family Caregiver Support Program	93.052	NC-15			
Planning and administration			29,441	1,488	30,929
Family Caregiver Services			254,654	20,294	274,948
Total Family Caregiver Services			284,095	21,782	305,877
Total US Department of Health and Human Services			2,728,812	2,192,061	4,920,873

(Continued)

Neuse River Council of Governments d/b/a Eastern Carolina Council

Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2013

	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures	State Expenditures	Total Expenditures
<u>US Department of Commerce</u>					
Direct Program					
Economic Development Administration (EDA) Supplemental	11.302	04-83-06129	\$ 27,914	\$ -	\$ 27,914
<u>US Department of the Interior</u>					
Direct Program					
USGS NSDI Program	15.809	-	17,685	-	17,685
<u>US Environmental Protection Agency</u>					
Passed through the NC Department of Environment and Natural Resources					
Storm Water Infrastructure Town of River Bend	66.454	-	5,652	-	5,652
<u>US Department of Transportation</u>					
Passed through the NC Department of Transportation					
State Planning & Research Rural					
East Carolina RPO	20.205-8	-	87,128	-	87,128
Down East RPO	20.205-8	-	97,237	-	97,237
Total US Department of Transportation			184,365	-	184,365
State Grants					
<u>NC Department of Health and Human Services</u>					
Passed through NC Division of Aging & Adult Services					
Title III P&A / AAA Administration	-	NC-15	-	41,863	41,863
Senior Center Development / General Purpose	-	NC-15	-	78,291	78,291
Operation Fan	-	NC-15	-	5,298	5,298
Total NC Department of Health and Human Services			-	125,452	125,452
<u>NC Department of Commerce</u>					
Economic Development Technical Assistance Grant	-	COM-2	-	20,506	20,506
<u>NC Department of Transportation</u>					
Regional Bicycle Planning Grant	-	DOT-24	-	39,376	39,376
Total assistance expended			\$ 2,964,428	\$ 2,377,395	\$ 5,341,823

Neuse River Council of Governments d/b/a Eastern Carolina Council

Schedule of Expenditures of Federal and State Awards (Continued)

Notes to the Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2013

The accompanying schedule represents the activity of all federal and state financial assistance programs of Neuse River Council of Governments d/b/a Eastern Carolina Council. All federal and State financial assistance received directly or indirectly from federal and State agencies are included in the Schedule.

Note 1.

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Neuse River Council of Governments d/b/a Eastern Carolina Council and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit 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.

(Continued)

Neuse River Council of Governments d/b/a Eastern Carolina Council

**Schedule of Expenditures of Federal and State Awards (Continued)
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2013**

Note 2. Subrecipients

Federal and State awards which have been passed-through to subrecipients by program:

Program		Federal CFDA/ State Pass-through Number	Federal and State Amount
Carteret County	HCCBG - In Home/Support Services	93.667	\$ 9,813
Craven County	HCCBG - In Home/Support Services	93.667	30,576
Duplin County	HCCBG - In Home/Support Services	93.667	8,826
Greene County	HCCBG - In Home/Support Services	93.667	5,056
Jones County	HCCBG - In Home/Support Services	93.667	2,135
Lenoir County	HCCBG - In Home/Support Services	93.667	23,210
Onslow County	HCCBG - In Home/Support Services	93.667	113,984
Pamlico County	HCCBG - In Home/Support Services	93.667	9,373
Wayne County	HCCBG - In Home/Support Services	93.667	22,562
Carteret County	HCCBG - In Home/Support Services	93.044	49,829
Craven County	HCCBG - In Home/Support Services	93.044	10,491
Duplin County	HCCBG - In Home/Support Services	93.044	9,365
Greene County	HCCBG - In Home/Support Services	93.044	21,574
Jones County	HCCBG - In Home/Support Services	93.044	3,966
Lenoir County	HCCBG - In Home/Support Services	93.044	63,225
Onslow County	HCCBG - In Home/Support Services	93.044	1,350
Pamlico County	HCCBG - In Home/Support Services	93.044	8,672
Wayne County	HCCBG - In Home/Support Services	93.044	40,769
Carteret County	HCCBG - In Home/Support Services	NC-15	219,651
Craven County	HCCBG - In Home/Support Services	NC-15	132,177
Duplin County	HCCBG - In Home/Support Services	NC-15	66,237
Greene County	HCCBG - In Home/Support Services	NC-15	69,636
Jones County	HCCBG - In Home/Support Services	NC-15	14,636
Lenoir County	HCCBG - In Home/Support Services	NC-15	244,081
Onslow County	HCCBG - In Home/Support Services	NC-15	258,080
Pamlico County	HCCBG - In Home/Support Services	NC-15	98,743
Wayne County	HCCBG - In Home/Support Services	NC-15	209,687
Carteret County	HCCBG - Access	93.044	33,741
Craven County	HCCBG - Access	93.044	104,234
Duplin County	HCCBG - Access	93.044	50,412
Greene County	HCCBG - Access	93.044	20,089
Jones County	HCCBG - Access	93.044	25,228
Lenoir County	HCCBG - Access	93.044	29,899
Onslow County	HCCBG - Access	93.044	57,961
Wayne County	HCCBG - Access	93.044	115,789
Carteret County	HCCBG - Access	NC-15	22,036
Craven County	HCCBG - Access	NC-15	53,953
Duplin County	HCCBG - Access	NC-15	30,083
Greene County	HCCBG - Access	NC-15	16,954
Lenoir County	HCCBG - Access	NC-15	8,101
Onslow County	HCCBG - Access	NC-15	36,772
Wayne County	HCCBG - Access	NC-15	54,441

(Continued)

Neuse River Council of Governments d/b/a Eastern Carolina Council

Schedule of Expenditures of Federal and State Awards (Continued)
 Notes to the Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2013

Note 2. Subrecipients (Continued)

Subrecipient	Program Name	Federal CFDA/ State Pass-through Number	Federal and State Amount
Carteret County	HCCBG - Congregate Meals	93.045	\$ 80,481
Craven County	HCCBG - Congregate Meals	93.045	101,137
Duplin County	HCCBG - Congregate Meals	93.045	173,447
Greene County	HCCBG - Congregate Meals	93.045	35,084
Jones County	HCCBG - Congregate Meals	93.045	46,270
Lenoir County	HCCBG - Congregate Meals	93.045	74,082
Onslow County	HCCBG - Congregate Meals	93.045	102,447
Pamlico County	HCCBG - Congregate Meals	93.045	33,445
Wayne County	HCCBG - Congregate Meals	93.045	111,335
Carteret County	HCCBG - Home Delivered Meals	93.045	15,965
Craven County	HCCBG - Home Delivered Meals	93.045	50,729
Duplin County	HCCBG - Home Delivered Meals	93.045	29,453
Greene County	HCCBG - Home Delivered Meals	93.045	14,806
Jones County	HCCBG - Home Delivered Meals	93.045	18,096
Lenoir County	HCCBG - Home Delivered Meals	93.045	14,998
Onslow County	HCCBG - Home Delivered Meals	93.045	28,102
Pamlico County	HCCBG - Home Delivered Meals	93.045	31,830
Wayne County	HCCBG - Home Delivered Meals	93.045	50,162
Carteret County	HCCBG - Home Delivered Meals	NC-15	28,305
Craven County	HCCBG - Home Delivered Meals	NC-15	104,306
Duplin County	HCCBG - Home Delivered Meals	NC-15	60,717
Greene County	HCCBG - Home Delivered Meals	NC-15	26,640
Jones County	HCCBG - Home Delivered Meals	NC-15	35,820
Lenoir County	HCCBG - Home Delivered Meals	NC-15	29,072
Onslow County	HCCBG - Home Delivered Meals	NC-15	44,962
Wayne County	HCCBG - Home Delivered Meals	NC-15	145,302

(Continued)

Neuse River Council of Governments d/b/a Eastern Carolina Council

Schedule of Expenditures of Federal and State Awards (Continued)
 Notes to the Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2013

Note 2. Subrecipients (Continued)

Subrecipient	Program Name	Federal CFDA/ State Pass-through Number	Federal and State Amount
Carteret County	USDA Nutrition	93.053	\$ 11,998
Craven County	USDA Nutrition	93.053	34,890
Duplin County	USDA Nutrition	93.053	34,294
Greene County	USDA Nutrition	93.053	11,106
Jones County	USDA Nutrition	93.053	10,720
Lenoir County	USDA Nutrition	93.053	11,887
Onslow County	USDA Nutrition	93.053	21,656
Pamlico County	USDA Nutrition	93.053	10,177
Wayne County	USDA Nutrition	93.053	63,034
Legal Aid of North Carolina	Legal Services	93.044	26,263
Carteret Senior Services	Senior Center Outreach and General Purpose	NC-15	11,751
Havelock Senior Center	Senior Center Outreach and General Purpose	NC-15	3,917
Craven Department of Social Services	Senior Center Outreach and General Purpose	NC-15	3,916
Duplin Services on Aging	Senior Center Outreach and General Purpose	NC-15	3,916
Greene County Senior Services	Senior Center Outreach and General Purpose	NC-15	11,752
Jones Co-op Extension	Senior Center Outreach and General Purpose	NC-15	3,917
Lenoir County Council on Aging	Senior Center Outreach and General Purpose	NC-15	11,750
Onslow Senior Services	Senior Center Outreach and General Purpose	NC-15	11,705
Pamlico Senior Services	Senior Center Outreach and General Purpose	NC-15	3,916
Wayne Services of Aging	Senior Center Outreach and General Purpose	NC-15	11,751
Carteret Senior Services	Special Programs for the Aging - Title III D	93.043	6,405
Craven Department of Social Services	Special Programs for the Aging - Title III D	93.043	6,923
Duplin Services on Aging	Special Programs for the Aging - Title III D	93.043	5,445
Greene County Senior Services	Special Programs for the Aging - Title III D	93.043	2,436
Jones Co-op Extension	Special Programs for the Aging - Title III D	93.043	1,759
Lenoir County Council on Aging	Special Programs for the Aging - Title III D	93.043	6,103
Onslow Senior Services	Special Programs for the Aging - Title III D	93.043	2,829
Pamlico Senior Services	Special Programs for the Aging - Title III D	93.043	2,069
Wayne Services of Aging	Special Programs for the Aging - Title III D	93.043	8,407

(Continued)

Neuse River Council of Governments d/b/a Eastern Carolina Council

Schedule of Expenditures of Federal and State Awards (Continued)
 Notes to the Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2013

Note 2. Subrecipients (Continued)

Subrecipient	Program Name	Federal CFDA/ State Pass-through Number	Federal and State Amount
Coastal Community Action	National Family Caregiver Support Program	93.052	\$ 33,149
Carolina East Home Health Hospital	National Family Caregiver Support Program	93.052	7,409
Craven Department of Social Services	National Family Caregiver Support Program	93.052	41,325
Duplin Services on Aging	National Family Caregiver Support Program	93.052	5,113
Greene Home Health	National Family Caregiver Support Program	93.052	6,252
Lenoir County Council on Aging	National Family Caregiver Support Program	93.052	14,373
Onslow Senior Services	National Family Caregiver Support Program	93.052	44,823
Wayne Services of Aging	National Family Caregiver Support Program	93.052	18,309
Carteret Community Action	Operation Fan	NC-15	724
Craven Department of Social Services	Operation Fan	NC-15	686
Duplin Services on Aging	Operation Fan	NC-15	466
Greene County Senior Services	Operation Fan	NC-15	280
Jones Co-op Extension	Operation Fan	NC-15	262
Lenoir County Council on Aging	Operation Fan	NC-15	486
Onslow Senior Services	Operation Fan	NC-15	800
Pamlico Senior Services	Operation Fan	NC-15	280
Wayne Services of Aging	Operation Fan	NC-15	1,314
Total Federal and State Awards Passed-Through to Subrecipients For Aging Programs			\$ 4,427,133

Total Federal and State Awards Passed-Through to Subrecipients Summary by Program

HCCBG - In Home/Support Services	93.044	\$ 1,522,169
HCCBG - Access	93.044	659,693
HCCBG - Congregate Meals	93.045	757,728
HCCBG - Home Delivered Meals	93.045	729,265
Nutrition Services Incentive Program (NISP)	93.053	209,762
Legal Services	93.044	26,263
Senior Center Outreach and General Purpose	NC-15	78,291
Special Programs for the Aging - Title III D	93.043	42,376
National Family Caregiver Support Program	93.052	170,753
Social Services Block Grant	93.667	225,535
Operation Fan	NC-15	5,298
Total Federal and State Awards Passed-Through to Subrecipients For Aging Programs		\$ 4,427,133