

Financial Statements

Mid-East Commission

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Year Ended June 30, 2008

Mid-East Commission
TABLE OF CONTENTS
June 30, 2008

	<u>Page</u>
FINANCIAL SECTION:	
INDEPENDENT AUDITOR'S REPORT	6
MANAGEMENT'S DISCUSSION AND ANALYSIS	7-12
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15-16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18-19
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	20
Statement of Net Assets - Proprietary Fund	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23-24
Notes to the Financial Statements	25-35
INDIVIDUAL FUND FINANCIAL STATEMENTS SECTION	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	37
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Fund	38-39
Aging Programs – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	40-41
Aging Programs – Individual Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	42-56

Mid-East Commission
TABLE OF CONTENTS
June 30, 2008

	<u>Page</u>
Workforce Development Region Q – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	57-58
Workforce Development Region Q – Individual Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	59-64
Economic Development – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	65-66
Economic Development – Individual Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	67-74
Mid-East Revolving Loan Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	75
Mid-East Revolving Loan Sequestered Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	76
Planning Programs – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	77-79
CDBG Programs – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	80-81
CDBG Programs – Individual Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	82-88
State Technical Assistance – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	89
Mid-East Intermediary Re-lending Program Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	90
Boys and Girls Club – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	91
Hispanic – ESL – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	92
Scholarship – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	93
Mid-East Development Corporation	
Combined Statement of Net Assets – Proprietary Fund	94
Combined Statement of Revenues, Expenditures and Changes in Net Assets	95

Mid-East Commission
TABLE OF CONTENTS
June 30, 2008

	<u>Page</u>
OTHER SCHEDULES	
Schedule of Indirect Costs	97
COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	99
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with of OMB Circular A-133 and the State Single Audit Implementation Act	100
Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act	101
Schedule of Findings and Questioned Costs	102-104
Corrective Action Plan	105
Summary Schedule of Prior Year Audit Findings	106
Schedule of Expenditures of Federal and State Awards	107-110

FINANCIAL SECTION

Independent Auditor's Report

To the Board of Directors
Mid-East Commission
Washington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Mid-East Commission as of and for the year ended June 30, 2008, which collectively comprise the Mid-East Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mid-East Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Mid-East Commission, as of June 30, 2008, and the respective changes in financial position and the cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2008, on our consideration of the Mid-East Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 7 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Mid-East Commission. The combining and individual fund financial statements and schedules, and well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Pittard Perry & Crone, Inc.

Belhaven, North Carolina
October 3, 2008

Management's Discussion and Analysis

As management of Mid-East Commission, we offer readers of Mid East Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Commission's financial statements, which follows this narrative

Financial Highlights

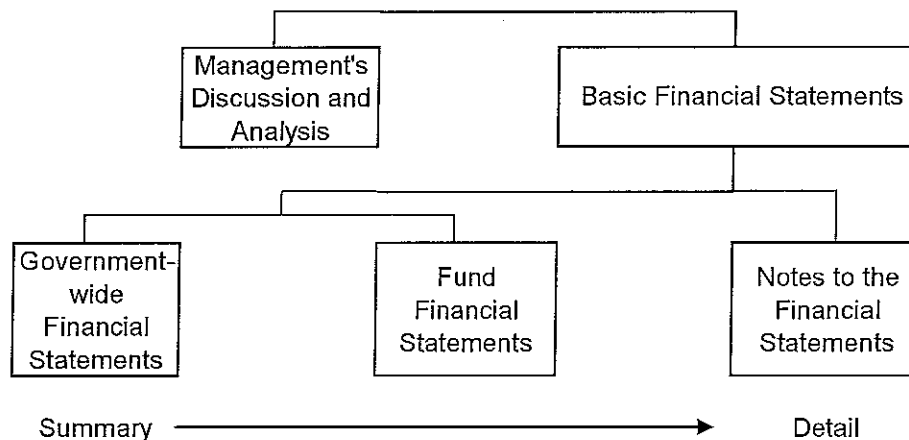
- The assets of Mid-East Commission exceeded its liabilities at the close of the fiscal year by \$618,435 (*net assets*).
- The government's total net assets increased over the prior year by \$24,676, primarily because of increased operating grants.
- As of the close of the current fiscal year, Mid-East Commission's governmental funds reported combined ending fund balances of \$379,959, a decrease of \$145,979 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the General Fund was \$177,729. This is an increase of \$2,499 from the prior year.
- Mid-East Commission's total debt excluding compensated absences consists of the \$265,376 in the Intermediary Relending Program and the \$1,649,373 in the Mid-East Development Corporation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Mid-East Commission's basic financial statements. The Commission'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 Commission 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 Mid-East Commission.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Commission's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Commission's activities. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the Commission's net assets and how they have changed. Net assets are the difference between the Commission's total assets and total liabilities. Measuring net assets is one way to gauge the Commission's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities present the activities, which include most of the Commission's basic services such as public safety, economic and physical development, human services, workforce development, and general government. State and federal grant funds finance most of these activities. The business-type activities are those the Commission charges customers to provide. The primary purpose of these activities is to facilitate affordable housing for the populations of the counties in Region Q.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Commission's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mid-East Commission, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Commission's budget ordinance. All of the funds of Mid-East Commission are governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Commission's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short term spending focus. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Commission's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Mid-East Commission adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Commission's member municipalities, the management of the Commission, and the decisions of the Board about which services to

provide and how to pay for them. It also authorizes the Commission to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Commission complied with the budget ordinance and whether or not the Commission succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Commission has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Commission uses enterprise funds to account for the activities of blended component unit, the Mid-East Development Corporation, Inc.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning Mid-East Commission's activities. This information can be found in Schedules A-D, which begins on page 36 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Mid-East Commission exceeded liabilities by \$618,435 as of June 30, 2008. As of June 30, 2007, the net assets of Mid-East Commission stood at \$593,759. The Commission's net assets increased by \$24,676. Mid-East Commission uses the Governmental Activities capital assets of \$15,872 to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of \$753,968 for Governmental activities is unrestricted. In 2007, the amount of net assets invested in capital assets net of related debt was \$104,076 for Governmental activities, and the remaining \$603,033 was unrestricted net assets for that year.

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Mid East Commission's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 1,935,917	\$ 1,548,051	\$ 225,627	\$ 285,391	\$ 2,161,544	\$ 1,833,442
Capital assets	15,872	104,076	1,322,691	1,290,532	1,338,563	1,394,608
Total assets	1,951,789	1,652,127	1,548,318	1,575,923	3,500,107	3,228,050
Long-term liabilities outstanding	372,875	385,649	1,649,373	28,528	2,022,248	414,177
Other liabilities	809,074	559,369	50,350	1,660,745	859,424	2,220,114
Total liabilities	1,181,949	945,018	1,699,723	1,689,273	2,881,672	2,634,291
Net assets:						
Invested in capital assets, net of related debt	15,872	104,076	(326,682)	(370,213)	(310,810)	(266,137)
Unrestricted	753,968	603,033	175,277	256,863	929,245	859,896
Total net assets	\$ 769,840	\$ 707,109	\$ (151,405)	\$ (113,350)	\$ 618,435	\$ 593,759

- Careful management of expenses of the Commission's financial operations positively influenced resources to support indirect expenses.

Mid-East Commission Changes in Net Assets

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 70,884	\$ 66,143	\$ 70,884	\$ 66,143
Operating grants and contributions	8,632,824	8,241,411	235,409	221,596	8,868,233	8,463,007
General revenues:						
Grants and contributions not restricted to specific programs	93,520	93,944	1,959	-	95,479	93,944
Investment earnings, unrestricted	51,705	56,290	-	2,973	51,705	59,263
Total revenues	\$ 8,778,049	\$ 8,391,645	\$ 308,252	\$ 290,712	\$ 9,086,301	\$ 8,682,357
Expenses:						
Economic and physical development	\$ 5,418,534	\$ 5,255,307	\$ -	\$ -	\$ 5,418,534	\$ 5,255,307
Human services	2,784,114	2,713,463	-	-	2,784,114	2,713,463
Indirect costs	512,670	504,341	-	-	512,670	504,341
Business Type Activities	-	-	346,307	299,559	346,307	299,559
Total expenses	\$ 8,715,318	\$ 8,473,111	\$ 346,307	\$ 299,559	\$ 9,061,625	\$ 8,772,670
Increase (decrease) in net assets	\$ 62,731	\$ (81,466)	\$ (38,055)	\$ (8,847)	\$ 24,676	\$ (90,313)
Net assets, July 1	707,109	788,575	(113,350)	(104,503)	593,759	684,072
Net assets, June 30	\$ 769,840	\$ 707,109	\$ (151,405)	\$ (113,350)	\$ 618,435	\$ 593,759

Governmental activities. Governmental activities depreciation decreased the Commission's net assets by \$4,886.

Business-type activities Business-type activities depreciation decreased the Commission's net assets by \$45,901.

Financial Analysis of the Commission's Funds

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

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

The General fund is the chief operating fund of Mid-East Commission. At the end of the current fiscal year, the fund balance of the General Fund was \$177,729.

General Fund Budgetary Highlights: During the fiscal year, the Commission had one budget revision for the General Fund, and revised the budget on several occasions for the Special Revenue Fund. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services

Approximately 54% of the Commission's budget is for contracted services or pass-thru funds to other agencies. If these agencies do not provide the level of services that are included in their contracts and grants, they do not receive reimbursement from the Commission.

Capital Asset and Debt Administration

Capital assets. Mid-East Commission's capital assets for its governmental and business-type activities as of June 30, 2008, totals \$15,872 (net of accumulated depreciation) and \$1,322,691 (net of accumulated depreciation) respectively. These assets are primarily equipment for the governmental activities, and buildings and land for the business-type activities.

During the fiscal year ended June 30, 2008, Mid East Commission increased its capitalization policy from \$100 to \$5,000 for an initial cost. Due to this change, \$592,282 in previously capitalized assets were removed from the depreciation listing. The related accumulated depreciation in the amount of \$508,964 was also removed from the depreciation listing.

During the fiscal year ended June 30, 2008, the proprietary fund replaced the water lines in one of the senior homes with a cost of \$78,058.

Mid-East Commission's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ -	\$ -	\$ 98,750	\$ 98,750	\$ 98,750	\$ 98,750
Buildings	-	-	1,223,062	1,190,097	1,223,062	1,190,097
Equipment	15,872	104,076	879	1,685	16,751	105,761
	<u>\$ 15,872</u>	<u>\$ 104,076</u>	<u>\$ 1,322,691</u>	<u>\$ 1,290,532</u>	<u>\$ 1,338,563</u>	<u>\$ 1,394,608</u>

Additional information on the Commission's capital assets can be found in Note 2.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2008, the Mid-East Commission's notes payable totaled \$265,376 for the Intermediary Relending Program and \$1,649,373 for the Mid-East Development Corporation

**Mid-East Commission's Outstanding Debt
Compensated Absences and Installment Purchases
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Compensated absences	\$ 107,499	\$ 107,499	\$ -	\$ -	\$ 107,499	\$ 107,499
Installment purchases	265,376	278,150	1,649,373	1,660,745	1,914,749	1,938,895
Total	<u>\$ 372,875</u>	<u>\$ 385,649</u>	<u>\$ 1,649,373</u>	<u>\$ 1,660,745</u>	<u>\$ 2,022,248</u>	<u>\$ 2,046,394</u>

Additional information regarding the Commission's long-term debt can be found in Note 2.B.4.

Economic Factors and Next Year's Budgets and Rates

The Mid-East Commission, Region Q, continues to experience high unemployment. However, federal funding for the Work Force Investment Act during Fiscal Year 2005-06, 2006-07 and again for Fiscal Year 2007-08 was reduced. We anticipate this reduction to continue into Fiscal Year 2008-09. These reductions have affected the Commission's funding level and staffing patterns. We anticipate the increase in program activity and funding for the Title V Program for Fiscal Year 2007-08 to continue into Fiscal Year 2008-09.

Requests for Information

This report is designed to provide an overview of the Commission's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Mid-East Commission, 1385 John Small Avenue, Washington, NC 27889.

BASIC FINANCIAL STATEMENTS

Mid-East Commission
Statement of Net Assets
June 30, 2008

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 860,680	\$ 143,820	\$ 1,004,500
Security deposits	-	14,783	14,783
Escrow	-	8,009	8,009
Reserve	-	46,990	46,990
Grants receivable	373,167	-	373,167
Accounts receivable	178,492	10,129	188,621
Other receivables	7,743	-	7,743
Loans receivable	515,835	-	515,835
Prepaid expenses	-	1,896	1,896
Total current assets	<u>1,935,917</u>	<u>225,627</u>	<u>2,161,544</u>
Capital assets			
Land	-	98,750	98,750
Other capital assets (net, of accumulated depreciation)	15,872	1,223,941	1,239,813
Total capital assets	<u>15,872</u>	<u>1,322,691</u>	<u>1,338,563</u>
Total assets	<u>1,951,789</u>	<u>1,548,318</u>	<u>3,500,107</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	809,074	35,619	844,693
Security deposits	-	14,731	14,731
Long-term liabilities			
Due within one year	36,899	20,775	57,674
Due in more than one year	335,976	1,628,598	1,964,574
Total liabilities	<u>1,181,949</u>	<u>1,699,723</u>	<u>2,881,672</u>
NET ASSETS			
Investment in capital assets, net of related debt	15,872	(326,682)	(310,810)
Unrestricted	753,968	175,277	929,245
Total net assets	<u>\$ 769,840</u>	<u>\$ (151,405)</u>	<u>\$ 618,435</u>

The notes to the financial statements are an integral part of this statement.

Mid-East Commission
Statement of Activities
For the Fiscal Year Ended June 30, 2008

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Economic and physical development	\$ 5,417,646	\$ -	\$ 5,795,450	\$ -
Human services	2,784,114	-	2,836,486	-
Indirect costs	512,670	-	-	-
Total governmental activities	8,714,430	-	8,631,936	-
Business-type activities:				
Mid-East Development Corporation	346,307	70,884	235,409	-
Total business-type activities	346,307	70,884	235,409	-
Total primary government	\$ 9,060,737	\$ 70,884	\$ 8,867,345	\$ -
General revenues:				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Total general revenues				
Change in net assets				
Net assets, beginning				
Net assets, ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Governmental Activities	Business-type Activities	Total
\$ 377,804	\$ -	\$ 377,804
52,372	-	52,372
(512,670)	-	(512,670)
(82,494)	-	(82,494)
-	(40,014)	(40,014)
-	(40,014)	(40,014)
\$ (82,494)	\$ (40,014)	\$ (122,508)
93,520	-	93,520
51,705	1,959	53,664
145,225	1,959	147,184
62,731	(38,055)	24,676
707,109	(113,350)	593,759
\$ 769,840	\$ (151,405)	\$ 618,435

Mid-East Commission
Balance Sheet
Governmental Funds
June 30, 2008

Exhibit 3

	Major Funds		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Assets:			
Cash and cash equivalents	\$ -	\$ 860,680	\$ 860,680
Grants receivable	-	373,167	373,167
Accounts receivable	178,492	-	178,492
Other receivables	-	7,743	7,743
Loans receivable	-	515,835	515,835
Due from other funds	(763)	763	-
Total assets	<u>\$ 177,729</u>	<u>\$ 1,758,188</u>	<u>\$ 1,935,917</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 916,573	\$ 916,573
Deferred revenues	-	639,385	639,385
Total liabilities	-	1,555,958	1,555,958
Fund balances:			
Reserved by State statute	177,729	257,360	435,089
Unreserved	-	(55,130)	(55,130)
Total fund balances	<u>177,729</u>	<u>202,230</u>	<u>379,959</u>
Total liabilities and fund balances	<u>\$ 177,729</u>	<u>\$ 1,758,188</u>	

Amounts reported for governmental activities in the statement of net assets (exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	15,872
Liabilities for earned but deferred revenues in fund statements	639,385
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds	<u>(265,376)</u>
Net assets of governmental activities	<u>\$ 769,840</u>

The notes to the financial statements are an integral part of this statement.

Mid-East Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Major Funds		
	General	Special Revenue	Total
REVENUES:			
Federal awards	\$ -	\$ 6,270,789	\$ 6,270,789
State awards	-	1,558,892	1,558,892
Local in kind match	-	275,765	275,765
Other local revenue	93,520	200,200	293,720
Program income	-	42,150	42,150
Interest income	17,295	34,410	51,705
Total revenues	110,815	8,382,206	8,493,021
EXPENDITURES:			
Current			
Economic and physical development	1,054	5,752,661	5,753,715
Human services	-	2,885,285	2,885,285
Total expenditures	1,054	8,637,946	8,639,000
Excess (deficiency) of revenues over expenditures	109,761	(255,740)	(145,979)
OTHER FINANCING SOURCES (USES):			
Transfers (to) from other funds	(8,759)	8,759	-
Transfer of local matching funds	(98,503)	98,503	-
Total other financing sources (uses)	(107,262)	107,262	-
Net change in fund balance	2,499	(148,478)	(145,979)
Fund balances, beginning	175,230	350,708	525,938
Fund balances, ending	\$ 177,729	\$ 202,230	\$ 379,959

The notes to the financial statements are an integral part of this statement.

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

Net changes in fund balances - total governmental funds	\$	(145,979)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation	(4,886)
Assets removed because of change in capitalization policy	(83,318)
	<u>(88,204)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

June 30, 2007	(355,245)
June 30, 2008	639,385
Change in deferred revenues	<u>284,140</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items

	<u>12,774</u>
Total changes in net assets of governmental activities	<u>\$ 62,731</u>

Mid-East Commission
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Exhibit 5

General Fund				
	Original	Final	Actual	Variance Positive (Negative)
REVENUES:				
Other local revenue	\$ 93,520	\$ 93,520	\$ 93,520	\$ -
Interest income	17,295	17,295	17,295	-
Total revenues	110,815	110,815	110,815	-
EXPENDITURES:				
Current				
General government	-	3,553	1,054	2,499
Total expenditures	-	3,553	1,054	2,499
Excess of revenues over expenditures	110,815	107,262	109,761	2,499
OTHER FINANCING SOURCES (USES):				
Transfers (to) from other funds	(8,759)	(8,759)	(8,759)	-
Transfer of local matching funds	(102,056)	(98,503)	(98,503)	-
Total other financing sources (uses)	(110,815)	(107,262)	(107,262)	-
Net change in fund balance	\$ -	\$ -	2,499	\$ 2,499
Fund balance, beginning			175,230	
Fund balance, beginning			\$ 177,729	

The notes to the financial statements are an integral part of this statement

Mid-East Commission
Statement of Net Assets
Proprietary Fund
June 30, 2008

Exhibit 6

	Major Enterprise Funds Mid-East Development Corporation
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 143,820
Security deposits	14,783
Escrow	8,009
Reserve	46,990
Accounts receivable	10,129
Prepaid expenses	1,896
Total current assets	<u>225,627</u>
Capital assets	
Land	98,750
Other capital assets (net, of accumulated depreciation)	1,223,941
Capital assets (net)	<u>1,322,691</u>
Total assets	<u>1,548,318</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	35,619
Security deposits	14,731
Notes payable - current	20,775
Total current liabilities	<u>71,125</u>
Noncurrent liabilities	
Notes payable - noncurrent	1,628,598
Total liabilities	<u>1,699,723</u>
NET ASSETS	
Invested in capital assets, net of related debt	(326,682)
Unrestricted	175,277
Total net assets	<u>\$ (151,405)</u>

The notes to the financial statements are an integral part of this statement

Mid-East Commission
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

Exhibit 7

	Major Enterprise Fund Mid-East Development Corporation
OPERATING REVENUES:	
Rental income	\$ 64,962
Operation and management	3,405
Other local revenue	2,517
Total operating revenues	70,884
OPERATING EXPENSES:	
Management related	35,182
Operation of program services	217,856
Contractual services	38,798
Total operating expenses	291,836
Operating income (loss)	(220,952)
NON-OPERATING REVENUES (EXPENSES):	
Rental assistance - RECD	116,855
Interest subsidies - RECD	70,692
Interest income	1,959
Contributions and local support	15,394
Interest expense	(54,471)
Total nonoperating revenues (expenses)	150,429
Income (loss) before contributions	(70,523)
Capital contributions	32,468
Change in net assets	(38,055)
Total net assets, beginning	(113,350)
Total net assets, ending	\$ (151,405)

The notes to the financial statements are an integral part of this statement

Mid-East Commission
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	Major Enterprise Fund Mid-East Development Corporation
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from renters	\$ 64,047
Other cash received	5,922
Cash paid for goods and services	(193,760)
Cash paid to employees for services	(31,848)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(155,639)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Rental assistance and interest subsidies	187,547
Contributions and local support	15,394
Capital contributions	32,468
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	235,409
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(78,061)
Principal paid on long-term debt	(11,371)
Interest paid on long-term debt	(54,471)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(143,903)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	1,959
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,959
Net increase (decrease) in cash and cash equivalents	(62,174)
Cash and cash equivalents, beginning	275,776
Cash and cash equivalents, ending	<u><u>\$ 213,602</u></u>

The notes to the financial statements are an integral part of this statement.

	Major Enterprise Fund Mid-East Development Corporation
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (220,952)
Adjustments to reconcile excess of revenues over (under) expenses to net cash used by operating activities:	
Depreciation	45,901
Changes in current assets and current liabilities:	
(Increase) decrease in accounts receivable	(1,992)
(Increase) decrease in prepaid expenses	(418)
Increase (decrease) in accounts payable	20,745
Increase (decrease) in security deposits	1,077
Total adjustments	65,313
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (155,639)

Supplemental disclosure of cash flow information:

Rental assistance from the Rural Economic and Community Development Service was applied to cover note principal of \$116,855. Interest subsidies in the amount of \$70,692 were applied to the corporation's debt.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mid-East Commission and its component unit conform to generally accepted accounting principles as applicable to Councils of Government. The following is a summary of the more significant accounting policies.

A. Reporting Entity

Mid-East Commission, a Council of Government for Region Q, was established to coordinate various funding received from Federal and State agencies. Currently, there are 5 county governments and 40 municipality governments participating as members in the Mid-East Commission. As required by generally accepted accounting principles, these financial statements present the Commission and its component unit, a legally-separate entity for which the Commission is financially accountable. The blended component unit, although it is a legally separate entity, is, in substance, part of the Commission's operations.

Blended Component Unit:

Mid-East Development Corporation

The Mid-East Development Corporation, a non-profit corporation, was formed in February 1990, for the primary purpose of facilitating affordable housing for the populations of the Counties in Region Q. The by-laws signed on March 15, 1990, state that the Board of Directors shall consist of the chairman of the Mid-East Commission Board, the five county commissioner representatives and five of the municipal representatives, no two of whom shall be from the same county, as elected from the Mid-East Commission Board. On February 28, 1991, Mid-East Commission entered into a contract with Mid-East Development Corporation by which Mid-East Commission will provide administrative services for the Corporation. Therefore, the Corporation is reported as an enterprise fund in the Commission's financial statements.

Mid-East Development Corporation did not issue separate financial statements for the year ended June 30, 2008.

B. Basis of Presentation - Fund Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Commission. 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 statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Commission and for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Commission's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, results from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

The Commission reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Commission. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue source is membership dues of the participating local governmental units

Special Revenue Funds – The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Commission reports all Special Revenue Funds within Aging, Workforce Development Region Q, Economic Development, Mid-East Revolving Loan Fund, Mid East Revolving Loan Sequestered Fund, Mid-East IRP Fund, Planning, CDBG, Boys and Girls Club, State Technical Assistance, Hispanic ESL Program, and the Scholarship Program.

The Commission reports the following major enterprise fund:

Mid-East Development Corporation – This fund is used to account for the Commission's facilitation of affordable housing in Region Q

C. Measurement Focus and Basis of Accounting

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission enterprise fund are charges to customers for rent. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities of the Commission follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements

D. Budgetary Data

The Commission's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general fund. Project ordinances are adopted for the special revenue fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Some special revenue fund projects are budgeted on the period of the corresponding grant, which does not follow the same fiscal year as the Commission. Expenditures may not legally exceed appropriations at the functional level for the general

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

fund and at the departmental level for the special revenue fund. The Budget Officer is authorized by the budget ordinance to transfer appropriations within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the Commission and Mid-East Development Corporation are made in board-designated official depositories and are secured as required by State law G.S. 159-31. The Commission and Mid-East Development Corporation may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Commission and Mid-East Development Corporation may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Commission and Mid-East Development Corporation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund are valued at fair value, which is the NCCMT's share price.

2. Cash and Cash Equivalents

Mid-East Commission pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Mid-East Development Corporation considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents. In accordance with Rural Economic & Community Development (RECD) service regulations, the Corporation maintains all RECD project funds separate and distinct from other projects, and tenant security deposits are maintained in an account separate from other project funds.

3. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. Mid-East Commission did not have an allowance for doubtful accounts for the current year.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost. Donated assets are listed at the market value at the date of donation. Certain items acquired before July 1, 1970 are recorded at an estimated original cost. The total of such estimates is not considered large enough that errors would be material when the fixed assets are considered as a whole. 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.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Capital assets are depreciated over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 Years
Furniture/Equipment	6-10 Years

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. Compensated Absences

The vacation policies of the Commission and Mid-East Development Corporation provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Commission adopted a policy of recognizing an expenditure for the current portion of the accumulated vacation pay. The corresponding liability is being reported in the Commission's special revenue fund. For the Commission's proprietary fund, Mid-East Development Corporation, an expense and a liability for compensated absences and the salary-related payments are recorded within the fund as the leave is earned.

The sick leave policies of the Commission and Mid-East Development Corporation provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to a change.

State law G.S. 159-13(b)(16) restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

Unreserved

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

F. Revenues, Expenditures and Expenses

1. Cost Allocation Plan

Mid-East Commission institutes an annual cost allocation plan, based on estimates of the current year, in which indirect costs are pro-rated to the various grants based on an indirect rate that is determined in accordance with federal guidelines. The indirect costs shown in this report for the various grants have been adjusted to the actual amount of indirect expenditures for the year ended June 30, 2008. The rates, estimated and actual, that were used to allocate indirect costs and fringe benefits are as follows:

	<u>Estimated</u>	<u>Actual</u>
Indirect cost rate	42.999%	33.92%
Fringe benefit rate	52.977%	53.649%

2. Other Resources

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

3. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates 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. Tax Exempt Status

Mid-East Development Corporation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code.

NOTE 2 DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Commission and the Development Corporation are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Commission's and the Development Corporation's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Commission and the Development Corporation, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Commission or the Development Corporation, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Commission or the Development Corporation under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Commission has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Commission complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Development Corporation has no formal policy regarding custodial credit risk for deposits.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

At June 30, 2008, the Commission's deposits had a carrying amount of \$951,383 and a bank balance of \$1,069,902. Of the bank balance, \$309,009 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2008, the Commission had cash on hand of \$450.

2. Investments

At June 30, 2008, the Commission had \$122,449 invested with the North Carolina Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Commission has no policy regarding credit risk.

The Mid-East Development Corporation had no investments at June 30, 2008.

3. Receivables

Receivables at the government-wide level at June 30, 2008, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Loans Receivable	Total
Governmental Activities:					
General	\$ 178,492	\$ -	\$ -	\$ -	\$ 178,492
Other Governmental	-	7,743	373,167	515,835	896,745
Total receivables	<u>\$ 178,492</u>	<u>\$ 7,743</u>	<u>\$ 373,167</u>	<u>\$ 515,835</u>	<u>\$ 1,075,237</u>
Business-type Activities:					
Mid East Development Corporation	<u>\$ 10,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,129</u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Equipment	<u>\$ 672,597</u>	<u>-</u>	<u>592,282</u>	<u>\$ 80,315</u>
Less accumulated depreciation for:				
Equipment	<u>568,521</u>	<u>4,886</u>	<u>508,964</u>	<u>64,443</u>
Governmental activity capital assets, net	<u>\$ 104,076</u>			<u>\$ 15,872</u>

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

General government	\$ 3,071
Environmental protection	<u>1,815</u>
	<u>\$ 4,886</u>

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Mid-East Development Corporation				
Capital assets not being depreciated				
Land	\$ 98,750	-	-	\$ 98,750
Capital assets being depreciated				
Buildings	1,687,284	78,058	-	1,765,342
Furniture, fixtures, and equipment	40,216	-	-	40,216
Total capital assets being depreciated	1,727,500	78,058	-	1,805,558
Less accumulated depreciation for:				
Buildings	497,186	45,094	-	542,280
Furniture, fixtures, and equipment	38,532	805	-	39,337
Total accumulated depreciation	535,718	45,899	-	581,617
Total capital assets being depreciated, net	1,191,782			1,223,941
Business-type activities capital assets, net	<u>\$1,290,532</u>			<u>\$1,322,691</u>

5. Loans Receivable

The Revolving Loan Fund, established by Mid-East Commission with Economic Development Administration grant funds, provides loans to eligible small businesses to boost economic development in the area. At June 30, 2008 loans receivable amounted to \$389,910, and consisted of 9 separate loans varying in amounts from \$3,780 to \$148,568, with varying repayment schedules. One loan is in default in the amount of \$49,992. The balance in cash and investments totaled \$122,449 and the administrative expenses totaled \$16,835.

The Intermediary Re-lending Program Fund, established by the Mid-East Commission with U.S. Department of Agriculture – Rural Development loan funds, provides loans to eligible small businesses to boost economic development in the area. At June 30, 2008 loans receivable amounted to \$125,925, and consisted of 2 separate initial loans of \$150,000 each, with varying repayment schedules. No loans were in default.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2008, were as follows:

	Vendors	Other	Total
Governmental Activities:			
Other Governmental	<u>\$ 809,074</u>	<u>\$ -</u>	<u>\$ 809,074</u>
Business-type Activities:			
Mid East Development Corporation	<u>\$ 35,619</u>	<u>\$ 14,731</u>	<u>\$ 50,350</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Mid-East Commission contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Commission is required to contribute at an actuarially determined rate. For the Commission, the current rate for employees not engaged in law enforcement as a percentage of annual covered payroll was 4.94%. The contribution requirements of members and of Mid-East Commission are established and may be amended by the North Carolina General Assembly. The Commission's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$54,700, \$51,801, and \$64,195, respectively. The contributions made by the Commission equaled the required contributions for each year.

b. Deferred Compensation Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all Commission employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

According to board resolution, Mid-East Commission provides healthcare benefits to retirees of the Commission who worked at least 1,000 hours per year, and have at least twenty years of creditable service with the Commission at age 60, or who retire in any category of unreduced service retirement benefit under the Local Governmental Employees Retirement System. The Commission provides full coverage for full-time employees and pro rata coverage for part-time employees in accordance with the following schedule: 20 years creditable service - 60%; 25 years creditable service - 80%; and 30 years creditable service - 100%. Currently, one retiree is eligible for post-retirement health benefits. The Commission participates in the Municipal Insurance Trust (MIT) of North Carolina. MIT is a self-funded health benefits insurance pool sponsored by the North Carolina League of Municipalities for its members.

3. Operating Lease Commitments

The Commission conducts its operations in leased facilities under a non-cancelable operating lease, which expires in 2011. The Commission also has operating leases for copiers and a telephone system, which expire through 2013.

The minimum rental commitments with initial or remaining terms in excess of one year under operating leases are as follows:

2009	\$	198,096
2010		168,744
2011		161,184
2012		2,964
2013		2,964
	\$	<u>533,952</u>

Total rent expense for the year ended June 30, 2008 amounted to \$200,316.

4. Long-Term Obligations

a. Loans Payable

In July 2003, the Commission entered into a loan agreement with the U.S. Department of Agriculture – Rural Development for the purpose of providing loans to small businesses to boost economic development. On April 29, 2003, the loan was funded in the amount of \$300,000 at an annual interest rate of 1%. Annual payments of interest only are due through April 2006, and annual payments of principal and interest through August 2032.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Aggregate maturities of long-term debt for the next five fiscal years and thereafter are as follows:

	Payment	Principal	Interest Expense
2009	\$ 12,735	\$ 10,024	\$ 2,711
2010	12,735	10,124	2,611
2011	12,735	10,226	2,509
2012	12,735	10,328	2,407
2013	12,735	10,432	2,303
2014-2018	63,675	53,748	9,927
2019-2023	63,675	56,497	7,178
2024-2028	63,675	59,386	4,289
2029-2032	45,862	44,611	1,251
	<u>\$ 300,562</u>	<u>\$ 265,376</u>	<u>\$ 35,186</u>

Interest expense totaling \$5,220 was incurred during the year ended June 30, 2008.

b. Mid-East Development Corporation Debt

Long-term debt consists of the following at year-end.

3% restricted construction loan with North Carolina Housing Finance Agency, to be written off over a period of 5 years, beginning 2007, after a 14 year compliance period, secured by a deed of trust.	\$ 28,118
0% restricted construction loan with North Carolina Housing Finance Agency, secured by a real estate deed of trust, due in monthly installments of \$250 through 2007, converting to monthly installments of \$322 through maturity.	86,870
7.25% note payable to Rural Economic and Community Development, secured by real estate deed of trust, due in monthly installments of \$496 including interest, maturing in June 2043 (RECD provides interest subsidies of 6.25%).	221,244
6.25% note payable to USDA Rural Housing Service, secured by real estate, due in monthly installments of \$1,377 including interest, maturing in 2051 (RHS provides interest subsidies of 4.6%).	245,591
6.875% note payable to USDA Rural Housing Service, secured by real estate, due in monthly installments of \$148 including interest, maturing in 2051 (RHS provides interest subsidies of 4.6%).	24,442
6.5% note payable to Rural Economic and Community Development, secured by real estate deed of trust, due in monthly installments of \$2,412 including interest, maturing in February 2044 (RECD provides interest subsidies of 5.5%).	1,043,108
	<u>\$ 1,649,373</u>

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Annual debt service requirements to maturity are as follows:

	Payment	Total Interest	Interest Subsidy	Interest Expense	Principal
2009	\$ 51,431	\$ 101,348	\$ 70,692	\$ 30,656	\$ 20,775
2010	51,260	100,356	70,692	29,664	21,596
2011	52,104	100,321	70,692	29,629	22,475
2012	52,104	99,384	70,692	28,692	23,412
2013	50,585	96,865	70,692	26,173	24,412
2014-2018	224,809	466,760	353,460	113,300	111,509
2019-2023	224,809	429,326	353,460	75,866	148,943
2024-2028	224,809	377,338	353,460	23,878	200,931
2029-2033	224,809	305,124	353,460	(48,336)	273,145
2034-2038	221,678	204,793	353,460	(148,667)	370,345
2039-2043	143,543	76,516	257,494	(180,978)	324,521
2044-2048	35,336	23,893	56,170	(32,277)	67,613
2049-2051	9,075	3,081	33,702	(30,621)	39,696
	<u>\$ 1,566,352</u>	<u>\$ 2,385,105</u>	<u>\$ 2,468,126</u>	<u>\$ (83,021)</u>	<u>\$ 1,649,373</u>

Note: Interest expense becomes negative in the last years of the mortgage when the interest subsidy is greater than the total interest calculated.

Interest expense totaling \$54,471 was incurred during the year ended June 30, 2008. Of this amount, \$54,471 represents interest subsidized by the Rural Economic & Community Development Agency.

c. Changes in Long-Term Liabilities

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 278,150	\$ -	\$ 12,774	\$ 265,376	\$ 10,024
Compensated absences	107,499	-	-	107,499	26,875
Governmental activity long-term liabilities	<u>\$ 385,649</u>	<u>\$ -</u>	<u>\$ 12,774</u>	<u>\$ 372,875</u>	<u>\$ 36,899</u>
Business-type activities:					
Installment purchase	<u>\$ 1,660,744</u>	<u>\$ -</u>	<u>\$ 11,371</u>	<u>\$ 1,649,373</u>	<u>\$ 20,775</u>

5. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in two self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through these pools, the Commission obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general and professional liability coverage of \$2 million per occurrence, crime coverage of \$250,000 per occurrence, and worker's compensation coverage up to the statutory limits. The pools are reinsured through a multi-state public entity carrier for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property and crime coverage, and single occurrence losses of \$350,000 for worker's compensation.

Mid East Commission
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Mid-East Commission carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the last three fiscal years

Mid-East Development Corporation is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation carries commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years

In accordance with G.S. 159-29, the Commission's employees that have access to \$200 or more at any given time of the Commission's funds are performance bonded through a commercial surety bond. The finance director is individually bonded for \$50,000.

6. Deferred Revenues

The balance in deferred revenues at year-end is composed of the following elements:

	Special Revenue
Revolving Loan Program	\$ 389,910
Intermediary Re-lending Program	125,925
Roanoke Chowan Drug Task Force (Non-Grant)	13,922
Aging	56,267
Economic Development	4,238
CDBG	49,123
	<u>\$ 639,385</u>

C. Interfund Balances and Activity

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for compensated absences, services, and other miscellaneous receivables/payables between funds.

The following schedule reports receivables and payables within the reporting entity at fiscal year-end:

	Due From	Due To
General Fund		\$ 763
Special Revenue Fund	\$ 763	

Transfers to/from other funds at June 30, 2008, consist of the following:

From the General Fund to Economic Development - Special Projects	\$ (21,851)
To the General Fund from State Technical Assistance Fund	13,092
	<u>\$ (8,759)</u>

NOTE 3 SUMMARY DISCLOSURES OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Commission has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Mid-East Commission
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule A-1

	2008		
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Other local revenue	\$ 93,520	\$ 93,520	\$ -
Interest income	17,295	17,295	-
TOTAL REVENUES	110,815	110,815	-
EXPENDITURES:			
Participant wages and fringes	3,553	1,054	2,499
TOTAL EXPENDITURES	3,553	1,054	2,499
Revenues over (under) expenditures	107,262	109,761	2,499
OTHER FINANCING SOURCES (USES)			
Transfer (to) from general fund	(8,759)	(8,759)	-
Transfer out of local matching funds	(98,503)	(98,503)	-
TOTAL OTHER FINANCING SOURCES (USES)	(107,262)	(107,262)	-
Change in fund balance	<u>\$ -</u>	2,499	<u>\$ 2,499</u>
Fund balance, beginning		175,230	
Fund balance, ending		<u>\$ 177,729</u>	

Mid-East Commission
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Fund

For the Fiscal Year Ended June 30, 2008

Schedule B
Page 1 of 2

	Aging	Workforce Development Region Q	Economic Development	Mid-East Revolving Loan Fund	Revolving Loan Fund Sequestered
REVENUES:					
Federal awards	\$ 1,378,849	\$ 4,607,077	\$ 53,915	\$ -	\$ -
State awards	1,410,048	-	-	-	-
Local match	12,586	263,179	-	-	-
Other local revenue	35,003	-	8,261	4,556	-
Program income	-	-	-	15,469	-
Interest income	-	-	-	24,855	1,922
TOTAL REVENUES	2,836,486	4,870,256	62,176	44,880	1,922
EXPENDITURES:					
Administration/Program:					
Personnel	245,883	697,446	84,877	-	-
Participant wages and fringes	-	1,464,202	-	-	-
Travel	52,065	167,418	5,271	-	-
Contractual services	2,364,091	1,492,292	475	16,835	-
Capital outlay	2,663	9,582	1,169	-	-
Other direct expenses	115,313	735,394	30,032	190,000	1,922
Indirect costs	105,270	303,922	36,334	-	-
TOTAL EXPENDITURES	2,885,285	4,870,256	158,158	206,835	1,922
Revenues over (under) expenditures	(48,799)	-	(95,982)	(161,955)	-
OTHER FINANCING SOURCES (USES)					
Transfers (to) from Special Projects	-	-	29,964	-	-
Transfers (to) from general fund	-	-	21,851	-	-
Transfer of local matching funds	48,799	-	44,167	-	-
TOTAL OTHER FINANCING SOURCES (USES)	48,799	-	95,982	-	-
Change in fund balance	-	-	-	(161,955)	-
Fund balances, beginning	-	-	-	213,527	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,572</u>	<u>\$ -</u>

Planning	CDBG	State Technical Assistance	Mid-East IRP Fund	Boys and Girls Club	Hispanic ESL	Scholarship	June 30, 2008
\$ -	\$ 229,055	\$ -	\$ -	\$ -	\$ -	\$ 1,893	\$ 6,270,789
89,894	-	58,950	-	-	-	-	1,558,892
-	-	-	-	-	-	-	275,765
138,964	-	-	63	8,083	5,270	-	200,200
-	-	-	26,681	-	-	-	42,150
-	-	-	7,633	-	-	-	34,410
228,858	229,055	58,950	34,377	8,083	5,270	1,893	8,382,206
141,679	9,540	-	-	5,568	-	-	1,184,993
-	-	-	-	-	-	-	1,464,202
13,376	789	-	-	-	838	-	239,757
856	213,379	-	7,228	-	1,513	-	4,096,669
-	-	-	-	-	-	-	13,414
33,771	1,262	-	13,672	131	2,919	1,893	1,126,309
60,607	4,085	-	-	2,384	-	-	512,602
250,289	229,055	-	20,900	8,083	5,270	1,893	8,637,946
(21,431)	-	58,950	13,477	-	-	-	(255,740)
15,894	-	(45,858)	-	-	-	-	-
-	-	(13,092)	-	-	-	-	8,759
5,537	-	-	-	-	-	-	98,503
21,431	-	(58,950)	-	-	-	-	107,262
-	-	-	13,477	-	-	-	(148,478)
-	-	-	137,181	-	-	-	350,708
\$ -	\$ -	\$ -	\$ 150,658	\$ -	\$ -	\$ -	\$ 202,230

Mid-East Commission
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Aging Programs
For the Fiscal Year Ended June 30, 2008

Schedule B-1
Page 1 of 2

	Aging Planning and Administration Title III	Home and Community Care Block Grant	Aging Special Projects	Title III Legal Services	Aging Management Information Services	Title III Elder Abuse
REVENUES:						
Federal awards	\$ 129,243	\$ 983,485	\$ -	\$ 22,877	\$ -	\$ 4,743
State awards	12,198	1,176,992	-	1,424	-	330
Local match	-	-	-	-	-	-
Other local revenue	-	30,929	1,674	-	2,400	-
TOTAL REVENUES	141,441	2,191,406	1,674	24,301	2,400	5,073
EXPENDITURES:						
Personnel	91,433	-	-	-	-	2,895
Travel	21,560	-	-	-	-	611
Contractual services	3,673	2,191,406	-	24,301	-	-
Capital outlay	-	-	-	-	-	-
Other direct expenses	22,783	-	1,674	-	2,400	986
Indirect costs	39,580	-	-	-	-	1,240
TOTAL EXPENDITURES	179,029	2,191,406	1,674	24,301	2,400	5,732
Revenues over (under) expenditures	(37,588)	-	-	-	-	(659)
OTHER FINANCING SOURCES (USES):						
Transfer of local matching funds	37,588	-	-	-	-	659
TOTAL OTHER FINANCING SOURCES (USES)	37,588	-	-	-	-	659
Change in fund balance	-	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Ombudsman Program	HWTFC	Ship Grant	AAA Administration Support	Title III-F Disease Prevention		HUD Housing and Home Equity Counseling	Family Caregiver Support	Department of Insurance	Not 2 Hot 2 Trot Road Race	Totals
				Promotion, and Senior Center Outreach	Health Senior Center Outreach					June 30, 2008
\$ 65,188	\$ -	\$ -	\$ -	\$ 41,604	\$ -	\$ 131,708	\$ -	\$ -	\$ 1	\$ 1,378,849
27,722	50,696	10,000	41,218	60,551	1,923	11,994	15,000	-	-	1,410,048
-	7,865	-	-	-	-	-	4,721	-	-	12,586
-	-	-	-	-	-	-	-	-	-	35,003
92,910	58,561	10,000	41,218	102,155	1,923	143,702	19,721	-	1	2,836,486
55,104	30,992	-	24,298	-	1,163	30,450	9,548	-	-	245,883
8,283	4,500	-	2,162	-	148	10,041	4,760	-	-	52,065
823	4,000	-	693	102,149	-	37,046	-	-	-	2,364,091
1,163	1,500	-	-	-	-	-	-	-	-	2,663
14,926	4,300	10,000	3,672	6	114	53,137	1,314	1	1	115,313
23,163	13,269	-	10,393	-	498	13,028	4,099	-	-	105,270
103,462	58,561	10,000	41,218	102,155	1,923	143,702	19,721	-	1	2,885,285
(10,552)	-	-	-	-	-	-	-	-	-	(48,799)
10,552	-	-	-	-	-	-	-	-	-	48,799
10,552	-	-	-	-	-	-	-	-	-	48,799
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Mid-East Commission
Aging Programs - Aging Planning and Administration Title III
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1a

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 148,720	\$ 129,243	\$ (19,477)
State awards	14,024	12,198	(1,826)
TOTAL REVENUES	162,744	141,441	(21,303)
EXPENDITURES:			
Personnel	108,074	91,433	16,641
Travel	22,983	21,560	1,423
Contractual services	4,223	3,673	550
Other direct expenses	24,196	22,783	1,413
Indirect costs	46,482	39,580	6,902
TOTAL EXPENDITURES	205,958	179,029	26,929
Revenues over (under) expenditures	(43,214)	(37,588)	5,626
OTHER FINANCING SOURCES (USES)			
Transfer of local matching funds	43,214	37,588	(5,626)
TOTAL OTHER FINANCING SOURCES (USES)	43,214	37,588	(5,626)
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Home and Community Care Block Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1b

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 983,484	\$ 983,485	\$ 1
State awards	1,176,992	1,176,992	-
Other local revenue	30,930	30,929	(1)
TOTAL REVENUES	2,191,406	2,191,406	-
EXPENDITURES:			
Contractual services	2,191,406	2,191,406	-
TOTAL EXPENDITURES	2,191,406	2,191,406	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Aging Special Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1c

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Other local revenue	\$ 1,674	\$ 1,674	\$ -
TOTAL REVENUES	1,674	1,674	-
EXPENDITURES:			
Other direct expenses	1,674	1,674	-
Indirect costs	-	-	-
TOTAL EXPENDITURES	1,674	1,674	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Title III Legal Services
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1d

	2008		
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Federal awards	\$ 22,877	\$ 22,877	\$ -
State awards	1,424	1,424	-
TOTAL REVENUES	24,301	24,301	-
EXPENDITURES:			
Contractual services	24,301	24,301	-
TOTAL EXPENDITURES	24,301	24,301	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Aging Management Information Services
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1e

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Other local revenue	\$ 3,913	\$ 2,400	\$ (1,513)
TOTAL REVENUES	3,913	2,400	(1,513)
EXPENDITURES:			
Other direct expenses	3,913	2,400	1,513
TOTAL EXPENDITURES	3,913	2,400	1,513
Change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning		-	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Title III Elder Abuse
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1f

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 4,743	\$ 4,743	\$ -
State awards	330	330	-
TOTAL REVENUES	5,073	5,073	-
EXPENDITURES:			
Personnel	2,895	2,895	-
Travel	611	611	-
Other direct expenses	986	986	-
Indirect costs	1,240	1,240	-
TOTAL EXPENDITURES	5,732	5,732	-
Revenues over (under) expenditures	(659)	(659)	-
OTHER FINANCING SOURCES (USES)			
Transfer of local matching funds	659	659	-
TOTAL OTHER FINANCING SOURCES (USES)	659	659	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Ombudsman Program
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1g

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Federal awards	\$ 65,188	\$ 65,188	\$ -
State awards	27,722	27,722	-
TOTAL REVENUES	92,910	92,910	-
EXPENDITURES:			
Personnel	55,104	55,104	-
Travel	8,283	8,283	-
Contractual services	823	823	-
Capital outlay	1,163	1,163	-
Other direct expenses	14,927	14,926	1
Indirect costs	23,163	23,163	-
TOTAL EXPENDITURES	103,463	103,462	1
Revenues over (under) expenditures	(10,553)	(10,552)	1
OTHER FINANCING SOURCES (USES)			
Transfer of local matching funds	10,553	10,552	(1)
TOTAL OTHER FINANCING SOURCES (USES)	10,553	10,552	(1)
Change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning		-	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - HWTFC
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-1h

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
State awards	\$ 83,337	\$ 30,190	\$ 50,696	\$ 80,886	\$ (2,451)
Local match	7,865	2,450	7,865	10,315	2,450
TOTAL REVENUES	91,202	32,640	58,561	91,201	(1)
EXPENDITURES:					
Personnel	52,876	15,531	30,992	46,523	6,353
Travel	7,884	3,110	4,500	7,610	274
Contractual services	7,008	4,542	4,000	8,542	(1,534)
Capital outlay	2,628	-	1,500	1,500	1,128
Other direct expenses	7,537	2,507	4,300	6,807	730
Indirect costs	13,269	6,950	13,269	20,219	(6,950)
TOTAL EXPENDITURES	91,202	32,640	58,561	91,201	1
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Aging Programs - SHIP Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-1i

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
State awards	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -
TOTAL REVENUES	10,000	-	10,000	10,000	-
EXPENDITURES:					
Other direct expenses	10,000	-	10,000	10,000	-
TOTAL EXPENDITURES	10,000	-	10,000	10,000	-
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Aging Programs - AAA Administration Support
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1j

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
State awards	\$ 41,219	\$ 41,218	\$ (1)
TOTAL REVENUES	41,219	41,218	(1)
EXPENDITURES:			
Personnel	24,299	24,298	1
Travel	2,162	2,162	-
Contractual services	693	693	-
Other direct expenses	3,672	3,672	-
Indirect costs	10,393	10,393	-
TOTAL EXPENDITURES	41,219	41,218	1
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Title III-F Disease Prevention, Health Promotion, and Senior Center Outreach
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1k

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Federal awards	\$ 41,604	\$ 41,604	\$ -
State awards	60,559	60,551	(8)
TOTAL REVENUES	102,163	102,155	(8)
EXPENDITURES:			
Contractual services	102,157	102,149	8
Other direct expenses	6	6	-
TOTAL EXPENDITURES	102,163	102,155	8
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - HUD Housing & Home Equity Counseling
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-11

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
State awards	\$ 4,723	\$ 1,923	\$ (2,800)
TOTAL REVENUES	4,723	1,923	(2,800)
EXPENDITURES:			
Personnel	3,303	1,163	2,140
Travel	200	148	52
Contractual services	81	-	81
Other direct expenses	438	114	324
Indirect costs	701	498	203
TOTAL EXPENDITURES	4,723	1,923	2,800
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Family Caregiver Support
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1m

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Federal awards	\$ 131,708	\$ 131,708	\$ -
State awards	11,994	11,994	-
TOTAL REVENUES	143,702	143,702	-
EXPENDITURES:			
Personnel	30,450	30,450	-
Travel	10,041	10,041	-
Contractual services	37,046	37,046	-
Other direct expenses	53,137	53,137	-
Indirect costs	13,028	13,028	-
TOTAL EXPENDITURES	143,702	143,702	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Department of Insurance
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-1n

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
State awards	\$ 15,000	\$ 15,000	\$ -
Local Match	4,721	4,721	-
TOTAL REVENUES	19,721	19,721	-
EXPENDITURES:			
Personnel	9,548	9,548	-
Travel	4,760	4,760	-
Other direct expenses	1,314	1,314	-
Indirect costs	4,099	4,099	-
TOTAL EXPENDITURES	19,721	19,721	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Aging Programs - Not 2 Hot 2 Trot Road Race
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-10

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 1	\$ 1	\$ -
TOTAL REVENUES	1	1	-
EXPENDITURES:			
Other direct expenses	1	1	-
TOTAL EXPENDITURES	1	1	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Workforce Development - Region Q
For the Year Ended June 30, 2008

Schedule B-2
Page 1 of 2

	Workforce Investment Act			
	Admin (2010)	Adult (2020)	Dislocated Worker (2030)	Youth (2040)
REVENUES:				
Federal awards	\$ 259,593	\$ 924,264	\$ 553,871	\$ 895,493
Local match	-	-	-	-
TOTAL REVENUES	259,593	924,264	553,871	895,493
EXPENDITURES:				
Administration:				
Personnel	150,099	-	-	-
Travel	22,062	-	-	-
Contractual services	444	-	-	-
Capital outlay	280	-	-	-
Other direct expenses	21,704	-	-	-
Indirect costs	65,004	-	-	-
Total administration	259,593	-	-	-
Program:				
Personnel	-	86,924	89,256	197,600
Participant wages and fringes	-	52,528	27,262	84,851
Travel	-	27,538	40,845	12,894
Contractual services	-	647,291	288,558	465,536
Equipment	-	-	-	-
Other direct expenses	-	72,041	68,990	48,357
Indirect costs	-	37,942	38,960	86,255
Total program	-	924,264	553,871	895,493
TOTAL EXPENDITURES	259,593	924,264	553,871	895,493
Change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

WIA		Totals
Incentive (2050)	Title V Senior Employment (XXXX)	June 30, 2008
\$ 353,825	\$ 1,620,031	\$ 4,607,077
-	263,179	263,179
353,825	1,883,210	4,870,256
-	-	150,099
-	-	22,062
-	-	444
-	-	280
26,022	-	47,726
-	-	65,004
26,022	-	285,615
72,165	101,402	547,347
-	1,299,561	1,464,202
28,636	35,443	145,356
64,788	25,675	1,491,848
3,735	5,567	9,302
126,980	371,300	687,668
31,499	44,262	238,918
327,803	1,883,210	4,584,641
353,825	1,883,210	4,870,256
-	-	-
-	-	-
\$ -	\$ -	\$ -

Mid-East Commission
Workforce Development Region Q- Administration - WIA 2010
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-2a

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 313,552	\$ 259,593	\$ (53,959)
TOTAL REVENUES	313,552	259,593	(53,959)
EXPENDITURES:			
Administration:			
Personnel	181,780	150,099	31,681
Travel	26,719	22,062	4,657
Contractual services	444	444	-
Capital outlay	280	280	-
Other direct expenses	26,368	21,704	4,664
Indirect costs	77,961	65,004	12,957
Total administration	313,552	259,593	53,959
TOTAL EXPENDITURES	313,552	259,593	53,959
Change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning		-	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Workforce Development Region Q- Adult - WIA 2020
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-2b

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Federal awards	\$ 1,041,940	\$ 924,264	\$ (117,676)
TOTAL REVENUES	1,041,940	924,264	(117,676)
EXPENDITURES:			
Program:			
Personnel	91,614	86,924	4,690
Participant wages and fringes	56,702	52,528	4,174
Travel	29,364	27,538	1,826
Contractual services	720,995	647,291	73,704
Other direct expenses	102,860	72,041	30,819
Indirect costs	40,405	37,942	2,463
Total program	1,041,940	924,264	117,676
TOTAL EXPENDITURES	1,041,940	924,264	117,676
Change in fund balance	\$ -	-	\$ -
Fund balances, beginning		-	
Fund balances, ending		\$ -	

Mid-East Commission
Workforce Development Region Q- Dislocated Worker - WIA 2030
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-2c

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Federal awards	\$ 613,775	\$ 553,871	\$ (59,904)
TOTAL REVENUES	613,775	553,871	(59,904)
EXPENDITURES:			
Program:			
Personnel	89,256	89,256	-
Participant wages and fringes	27,262	27,262	-
Travel	40,845	40,845	-
Contractual services	348,462	288,558	59,904
Other direct expenses	68,990	68,990	-
Indirect costs	38,960	38,960	-
Total program	613,775	553,871	59,904
TOTAL EXPENDITURES	613,775	553,871	59,904
Change in fund balance	\$ -	-	\$ -
Fund balances, beginning		-	
Fund balances, ending		\$ -	

Mid-East Commission
Workforce Development Region Q- Youth - WIA 2040
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-2d

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Federal awards	\$ 987,711	\$ 895,493	\$ (92,218)
TOTAL REVENUES	987,711	895,493	(92,218)
EXPENDITURES:			
Program:			
Personnel	209,904	197,600	12,304
Participant wages and fringes	85,006	84,851	155
Travel	18,928	12,894	6,034
Contractual services	518,153	465,536	52,617
Other direct expenses	67,101	48,357	18,744
Indirect costs	88,619	86,255	2,364
Total program	987,711	895,493	92,218
TOTAL EXPENDITURES	987,711	895,493	92,218
Change in fund balance	\$ -	-	\$ -
Fund balances, beginning		-	
Fund balances, ending		\$ -	

Mid-East Commission
Workforce Development Region Q- Incentive - WIA 2050
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-2e

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Federal awards	\$ 485,354	\$ 353,825	\$ (131,529)
TOTAL REVENUES	485,354	353,825	(131,529)
EXPENDITURES:			
Administration:			
Other direct expenses	26,022	26,022	-
Total administration	26,022	26,022	-
Program:			
Personnel	68,842	72,165	(3,323)
Participant wages and fringes	3,000	-	3,000
Travel	37,902	28,636	9,266
Contractual services	90,037	64,788	25,249
Capital outlay	3,735	3,735	-
Other direct expenses	224,876	126,980	97,896
Indirect costs	30,940	31,499	(559)
Total program	459,332	327,803	131,529
TOTAL EXPENDITURES	485,354	353,825	131,529
Change in fund balance	\$ -	-	\$ -
Fund balances, beginning		-	
Fund balances, ending		\$ -	

Mid-East Commission
Title V Senior Employment
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-2f

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 1,661,983	\$ 1,620,031	\$ (41,952)
Local match	263,179	263,179	-
TOTAL REVENUES	1,925,162	1,883,210	(41,952)
EXPENDITURES:			
Program:			
Personnel	101,402	101,402	-
Participant wages and fringes	1,341,509	1,299,561	41,948
Travel	35,443	35,443	-
Contractual services	25,675	25,675	-
Capital outlay	5,567	5,567	-
Other direct expenses	371,304	371,300	4
Indirect costs	44,262	44,262	-
Total program	1,925,162	1,883,210	41,952
TOTAL EXPENDITURES	1,925,162	1,883,210	41,952
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Economic Development
For the Fiscal Year Ended June 30, 2008

Schedule B-3
Page 1 of 2

	Economic Development Administration	Economic Development Special Projects	Beaufort County CDBG	Brooks Boatworks Washington
REVENUES:				
Federal awards	\$ 53,000	\$ -	\$ 915	\$ -
Other local revenue	-	-	-	1,413
TOTAL REVENUES	53,000	-	915	1,413
EXPENDITURES:				
Personnel	79,265	911	519	880
Travel	5,203	-	-	31
Contractual services	475	-	-	-
Capital outlay	-	-	-	-
Other direct expenses	8,261	20,536	174	125
Indirect costs	33,927	404	222	377
TOTAL EXPENDITURES	127,131	21,851	915	1,413
Revenues over (under) expenditures	(74,131)	(21,851)	-	-
OTHER FINANCING SOURCES (USES)				
Transfer (to) from special projects	29,964	-	-	-
Transfer (to) from general fund	-	21,851	-	-
Transfer of local matching funds	44,167	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	74,131	21,851	-	-
Change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule B-3
Page 2 of 2

				Totals
Chocowinity Southtech	Flanders CDBG	Town of Farmville	Washington EDA	June 30, 2008
\$ -	\$ -	\$ -	\$ -	\$ 53,915
3,345	770	563	2,170	8,261
3,345	770	563	2,170	62,176
1,756	524	364	658	84,877
-	-	37	-	5,271
-	-	-	-	475
-	-	-	1,169	1,169
847	22	6	61	30,032
742	224	156	282	36,334
3,345	770	563	2,170	158,158
-	-	-	-	(95,982)
-	-	-	-	29,964
-	-	-	-	21,851
-	-	-	-	44,167
-	-	-	-	95,982
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

Mid-East Commission
Economic Development Programs - Economic Development Administration
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-3a

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 100,715	\$ 53,000	\$ (47,715)
TOTAL REVENUES	100,715	53,000	(47,715)
EXPENDITURES:			
Personnel	138,332	79,265	59,067
Travel	13,414	5,203	8,211
Contractual services	475	475	-
Other direct expenses	20,375	8,261	12,114
Indirect costs	60,758	33,927	26,831
TOTAL EXPENDITURES	233,354	127,131	106,223
Revenues over (under) expenditures	(132,639)	(74,131)	58,508
OTHER FINANCING SOURCES (USES)			
Transfer from ED special projects	29,964	29,964	-
Transfer of local matching funds	102,675	44,167	(58,508)
TOTAL OTHER FINANCING SOURCES (USES)	132,639	74,131	(58,508)
Change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning		-	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Economic Development Programs - Economic Development Special Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-3b

	2008		
	Budget	Actual	Variance Positive (Negative)
EXPENDITURES:			
Personnel	\$ 911	\$ 911	\$ -
Other direct expenses	20,536	20,536	-
Indirect costs	404	404	-
TOTAL EXPENDITURES	21,851	21,851	-
Revenues over (under) expenditures	(21,851)	(21,851)	-
OTHER FINANCING SOURCES (USES)			
Transfer (to) from general fund	21,851	21,851	-
TOTAL OTHER FINANCING SOURCES (USES)	21,851	21,851	-
Change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning		-	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Economic Development Programs - Beaufort County CDBG
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-3c

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 915	\$ -	\$ 915	\$ 915	\$ -
TOTAL REVENUES	915	-	915	915	-
EXPENDITURES:					
Personnel	519	-	519	519	-
Other direct expenses	174	-	174	174	-
Indirect costs	222	-	222	222	-
TOTAL EXPENDITURES	915	-	915	915	-
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Economic Development Programs - Brooks Boatworks Beaufort County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-3d

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 23,587	\$ 5,250	\$ -	\$ 5,250	\$ (18,337)
Other local revenue	1,413	10,843	1,413	12,256	10,843
TOTAL REVENUES	25,000	16,093	1,413	17,506	(7,494)
EXPENDITURES:					
Personnel	13,768	10,518	880	11,398	2,370
Travel	2,452	756	31	787	1,665
Contractual services	500	-	-	-	500
Other direct expenses	2,360	367	125	492	1,868
Indirect costs	5,920	4,452	377	4,829	1,091
TOTAL EXPENDITURES	25,000	16,093	1,413	17,506	7,494
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Economic Development Programs - Chocowinity Southtech
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-3e

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Other local revenue	\$ 3,345	\$ -	\$ 3,345	\$ 3,345	\$ -
TOTAL REVENUES	3,345	-	3,345	3,345	-
EXPENDITURES:					
Personnel	1,756	-	1,756	1,756	-
Other direct expenses	847	-	847	847	-
Indirect costs	742	-	742	742	-
TOTAL EXPENDITURES	3,345	-	3,345	3,345	-
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Economic Development Programs - Flanders CDBG/ED Washington
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-3f

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 29,230	\$ -	\$ -	\$ -	\$ (29,230)
Other local revenue	770	8,584	770	9,354	8,584
TOTAL REVENUES	30,000	8,584	770	9,354	(20,646)
EXPENDITURES:					
Personnel	18,357	5,848	524	6,372	11,985
Travel	1,400	164	-	164	1,236
Other direct expenses	2,349	218	22	240	2,109
Indirect costs	7,894	2,354	224	2,578	5,316
TOTAL EXPENDITURES	30,000	8,584	770	9,354	20,646
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Economic Development Programs - Town of Farmville
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-3g

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Other local revenue	\$ 35,000	\$ 361	\$ 563	\$ 924	\$ (34,076)
TOTAL REVENUES	35,000	361	563	924	(34,076)
EXPENDITURES:					
Personnel	21,298	244	364	608	20,690
Travel	1,251	-	37	37	1,214
Contractual services	400	-	-	-	400
Other direct expenses	2,604	9	6	15	2,589
Indirect costs	9,447	108	156	264	9,183
TOTAL EXPENDITURES	35,000	361	563	924	34,076
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Economic Development Programs - Washington EDA Jack's Creek
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-3h

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 29,449	\$ 31,618	\$ -	\$ 31,618	\$ 2,169
Other local revenue	2,170	2,317	2,170	4,487	2,317
TOTAL REVENUES	31,619	33,935	2,170	36,105	4,486
EXPENDITURES:					
Personnel	19,326	15,231	658	15,889	3,437
Travel	601	173	-	173	428
Equipment	1,169	-	1,169	1,169	-
Other direct expenses	2,667	968	61	1,029	1,638
Indirect costs	7,856	6,021	282	6,303	1,553
TOTAL EXPENDITURES	31,619	22,393	2,170	24,563	7,056
Revenues over (under) expenditures	-	11,542	-	11,542	11,542
OTHER FINANCING SOURCES (USES)					
Transfer to other ED funds	-	(11,542)	-	(11,542)	(11,542)
TOTAL OTHER FINANCING SOURCES (USES)	-	(11,542)	-	(11,542)	(11,542)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
Mid-East Revolving Loan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-4

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Interest	\$ 28,004	\$ 24,855	\$ (3,149)
Processing fees	1,056	4,556	3,500
Program income	204,139	15,469	(188,670)
TOTAL REVENUES	233,199	44,880	(188,319)
EXPENDITURES:			
Personnel	6,110	-	6,110
Travel	239	-	239
Contractual services	16,835	16,835	-
Other direct expenses	203,065	190,000	13,065
Indirect costs	6,950	-	6,950
TOTAL EXPENDITURES	233,199	206,835	26,364
Revenues over (under) expenditures	<u>\$ -</u>	<u>(161,955)</u>	<u>\$ (161,955)</u>
Fund balances, beginning		<u>213,527</u>	
Fund balances, ending		<u>\$ 51,572</u>	

Mid-East Commission
Mid-East Revolving Loan Sequestered Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-5

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Interest	\$ 1,922	\$ 1,922	\$ -
TOTAL REVENUES	1,922	1,922	-
EXPENDITURES:			
Other direct expenses	1,922	1,922	-
TOTAL EXPENDITURES	1,922	1,922	-
Change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning		-	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Planning Programs
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

Schedule B-6
Page 1 of 3

	Aurora Planning & Zoning Admin	Bath Zoning Ordinance	Bertie County Planning Brownsfield	Beaufort County	Bath Planning & Zoning	Cofield Planning & Zoning Admin
REVENUES:						
State awards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local revenue	2,232	3,563	17,859	38,708	11,270	228
TOTAL REVENUES	2,232	3,563	17,859	38,708	11,270	228
EXPENDITURES:						
Personnel	1,427	2,182	11,156	24,125	7,235	113
Travel	59	186	849	1,468	253	-
Contractual services	-	-	-	343	-	-
Other direct expenses	135	261	1,078	2,443	685	66
Indirect costs	611	934	4,776	10,329	3,097	49
TOTAL EXPENDITURES	2,232	3,563	17,859	38,708	11,270	228
Revenues over (under) expenditures	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):						
Transfer (to) from special projects	-	-	-	-	-	-
Transfer of local matching funds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
Change in fund balance	-	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Chocowinity Planning & Zoning Admin	Como Planning & Zoning Admin	Pantego Planning & Zoning	Planning Special Projects	Parmelee Planning & Zoning	Rural Transportation Planning
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,894
37,520	395	1,005	2,315	908	16,300
37,520	395	1,005	2,315	908	106,194
23,817	257	579	2,756	576	63,239
700	-	27	519	23	9,292
283	-	-	-	-	50
2,533	28	151	13,403	62	12,458
10,187	110	248	1,531	247	26,692
37,520	395	1,005	18,209	908	111,731
-	-	-	(15,894)	-	(5,537)
-	-	-	15,894	-	-
-	-	-	-	-	5,537
-	-	-	15,894	-	5,537
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Mid-East Commission
Planning Programs
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

Schedule B-6
Page 3 of 3

	Hertford County LUP	Washington Flow Charts	Totals		Variance Positive (Negative)
			June 30, 2008	Budget	
REVENUES:					
State awards	\$ -	\$ -	\$ 89,894	\$ 96,755	\$ (6,861)
Other local revenue	637	6,024	138,964	202,185	(63,221)
TOTAL REVENUES	637	6,024	228,858	298,940	(70,082)
EXPENDITURES:					
Personnel	301	3,916	141,679	176,101	34,422
Travel	-	-	13,376	20,385	7,009
Contractual services	180	-	856	2,478	1,622
Other direct expenses	27	441	33,771	30,820	(2,951)
Indirect costs	129	1,667	60,607	74,693	14,086
TOTAL EXPENDITURES	637	6,024	250,289	304,477	54,188
Revenues over (under) expenditures	-	-	(21,431)	(5,537)	(15,894)
OTHER FINANCING SOURCES (USES):					
Transfer (to) from special projects	-	-	15,894	-	15,894
Transfer of local matching funds	-	-	5,537	5,537	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	21,431	5,537	15,894
Change in fund balance	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -

Mid-East Commission
CDBG Programs
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

Schedule B-7
Page 1 of 2

	Aulander CDBG	Cofield CDBG	Hertford CDBG	Martin County	Mufreesboro CDBG
REVENUES:					
Federal awards	\$ 27,656	\$ 59,993	\$ 6,207	\$ 11,127	\$ 1,480
TOTAL REVENUES	27,656	59,993	6,207	11,127	1,480
EXPENDITURES:					
Personnel	702	78	3,866	528	902
Travel	-	135	347	-	37
Contractual services	26,542	59,667	-	10,200	-
Other direct expenses	111	79	339	173	155
Indirect costs	301	34	1,655	226	386
TOTAL EXPENDITURES	27,656	59,993	6,207	11,127	1,480
Change in fund balance	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule B-7
Page 2 of 2

		Totals
Pantego CDBG	Winton CDBG	June 30, 2008
<u>\$ 85,481</u>	<u>\$ 37,111</u>	<u>\$ 229,055</u>
85,481	37,111	229,055
2,335	1,129	9,540
135	135	789
81,770	35,200	213,379
241	164	1,262
<u>1,000</u>	<u>483</u>	<u>4,085</u>
<u>85,481</u>	<u>37,111</u>	<u>229,055</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Mid-East Commission
CDBG Programs - Aulander CDBG
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-7a

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 116,811	\$ 83,596	\$ 27,656	\$ 111,252	\$ (5,559)
TOTAL REVENUES	116,811	83,596	27,656	111,252	(5,559)
EXPENDITURES:					
Personnel	30,709	5,501	702	6,203	24,506
Travel	-	761	-	761	(761)
Contractual services	81,956	79,494	26,542	106,036	(24,080)
Other direct expenses	3,178	920	111	1,031	2,147
Indirect costs	968	2,479	301	2,780	(1,812)
TOTAL EXPENDITURES	116,811	89,155	27,656	116,811	-
Revenues over (under) expenditures	-	(5,559)	-	(5,559)	(5,559)
OTHER FINANCING SOURCES (USES)					
Transfer (to) from general fund	-	5,559	-	5,559	5,559
TOTAL OTHER FINANCING SOURCES (USES)	-	5,559	-	5,559	5,559
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
CDBG Programs - Cofield CDBG
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-7b

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 90,176	\$ 29,008	\$ 59,993	\$ 89,001	\$ (1,175)
TOTAL REVENUES	90,176	29,008	59,993	89,001	(1,175)
EXPENDITURES:					
Personnel	18,886	903	78	981	17,905
Travel	135	252	135	387	(252)
Contractual services	59,667	28,529	59,667	88,196	(28,529)
Other direct expenses	2,253	141	79	220	2,033
Indirect costs	9,235	358	34	392	8,843
TOTAL EXPENDITURES	90,176	30,183	59,993	90,176	-
Revenues over (under) expenditures	-	(1,175)	-	(1,175)	(1,175)
OTHER FINANCING SOURCES (USES)					
Transfer (to) from general fund	-	1,175	-	1,175	1,175
TOTAL OTHER FINANCING SOURCES (USES)	-	1,175	-	1,175	1,175
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
CDBG Programs - Hertford
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-7c

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 106,426	\$ -	\$ 6,207	\$ 6,207	\$ (100,219)
TOTAL REVENUES	106,426	-	6,207	6,207	(100,219)
EXPENDITURES:					
Personnel	29,306	-	3,866	3,866	25,440
Travel	346	-	347	347	(1)
Contractual services	61,140	-	-	-	61,140
Other direct expenses	3,033	-	339	339	2,694
Indirect costs	12,601	-	1,655	1,655	10,946
TOTAL EXPENDITURES	106,426	-	6,207	6,207	100,219
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
CDBG Programs - Martin County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-7d

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 59,985	\$ 51,195	\$ 11,127	\$ 62,322	\$ 2,337
TOTAL REVENUES	59,985	51,195	11,127	62,322	2,337
EXPENDITURES:					
Personnel	16,758	2,925	528	3,453	13,305
Travel	-	459	-	459	(459)
Contractual services	35,160	43,840	10,200	54,040	(18,880)
Other direct expenses	1,734	504	173	677	1,057
Indirect costs	6,333	1,130	226	1,356	4,977
TOTAL EXPENDITURES	59,985	48,858	11,127	59,985	-
Revenues over (under) expenditures	-	2,337	-	2,337	2,337
OTHER FINANCING SOURCES (USES)					
Transfer (to) from general fund	-	(2,337)	-	(2,337)	(2,337)
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,337)	-	(2,337)	(2,337)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
CDBG Programs - Mufreesboro CDBG
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-7e

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 124,477	\$ 125,306	\$ 1,480	\$ 126,786	\$ 2,309
TOTAL REVENUES	124,477	125,306	1,480	126,786	2,309
EXPENDITURES:					
Personnel	34,276	19,991	902	20,893	13,383
Travel	37	2,951	37	2,988	(2,951)
Contractual services	71,915	90,007	-	90,007	(18,092)
Capital outlay	-	34	-	34	(34)
Other direct expenses	3,548	2,360	155	2,515	1,033
Indirect costs	14,701	7,654	386	8,040	6,661
TOTAL EXPENDITURES	124,477	122,997	1,480	124,477	-
Revenues over (under) expenditures	-	2,309	-	2,309	2,309
OTHER FINANCING SOURCES (USES)					
Transfer (to) from general fund	-	(14,270)	-	(14,270)	(14,270)
Excess funds expended (drawn)	-	11,961	-	11,961	11,961
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,309)	-	(2,309)	(2,309)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
CDBG Programs - Pantego CDBG
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-7f

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 113,399	\$ 28,364	\$ 85,481	\$ 113,845	\$ 446
TOTAL REVENUES	113,399	28,364	85,481	113,845	446
EXPENDITURES:					
Personnel	7,859	8,589	2,335	10,924	(3,065)
Travel	135	770	135	905	(770)
Contractual services	101,147	13,990	81,770	95,760	5,387
Other direct expenses	879	1,084	241	1,325	(446)
Indirect costs	3,379	3,485	1,000	4,485	(1,106)
TOTAL EXPENDITURES	113,399	27,918	85,481	113,399	-
Revenues over (under) expenditures	-	446	-	446	446
OTHER FINANCING SOURCES (USES)					
Transfer (to) from general fund	-	(446)	-	(446)	(446)
TOTAL OTHER FINANCING SOURCES (USES)	-	(446)	-	(446)	(446)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
CDBG Programs - Winton CDBG
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-7g

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Federal awards	\$ 95,750	\$ 10,863	\$ 37,111	\$ 47,974	\$ (47,776)
State awards	-	50,390	-	50,390	50,390
TOTAL REVENUES	95,750	61,253	37,111	98,364	2,614
EXPENDITURES:					
Personnel	21,813	5,984	1,129	7,113	14,700
Travel	6,068	1,160	135	1,295	4,773
Contractual services	55,011	48,146	35,200	83,346	(28,335)
Other direct expenses	3,479	840	164	1,004	2,475
Indirect costs	9,379	2,509	483	2,992	6,387
TOTAL EXPENDITURES	95,750	58,639	37,111	95,750	-
Revenues over (under) expenditures	-	2,614	-	2,614	2,614
OTHER FINANCING SOURCES (USES)					
Transfer (to) from general fund	-	(2,614)	-	(2,614)	(2,614)
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,614)	-	(2,614)	(2,614)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			-		
Fund balances, ending			<u>\$ -</u>		

Mid-East Commission
State Technical Assistance
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-8

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
State awards	\$ 88,914	\$ 58,950	\$ (29,964)
TOTAL REVENUES	88,914	58,950	(29,964)
OTHER FINANCING SOURCES (USES)			
Transfer (to) other funds	(88,914)	(45,858)	43,056
Transfer (to) from general fund	-	(13,092)	(13,092)
TOTAL OTHER FINANCING SOURCES (USES)	(88,914)	(58,950)	29,964
 Change in fund balance	 \$ -	 -	 \$ -
Fund balances, beginning		-	
Fund balances, ending		\$ -	

Mid-East Commission
Mid-East Intermediary Re-lending Program Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
From Inception and for the Fiscal Year Ended June 30, 2008

Schedule B-9

	2008				Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES:					
Interest	\$ 7,633	\$ 54,954	\$ 7,633	\$ 62,587	\$ 54,954
Program income	26,681	147,322	26,681	174,003	147,322
Other local revenue	63	7,007	63	7,070	7,007
TOTAL REVENUES	34,377	209,283	34,377	243,660	209,283
EXPENDITURES:					
Personnel	8,825	-	-	-	8,825
Travel	-	33	-	33	(33)
Contractual services	7,228	32,825	7,228	40,053	(32,825)
Other direct expenses	372,980	332,945	13,672	346,617	26,363
Indirect costs	3,970	6,300	-	6,300	(2,330)
TOTAL EXPENDITURES	393,003	372,103	20,900	393,003	-
Revenues over (under) expenditures	(358,626)	(162,820)	13,477	(149,343)	209,283
OTHER FINANCING SOURCES (USES)					
Loan proceeds	358,626	300,000	-	300,000	(58,626)
TOTAL OTHER FINANCING SOURCES (USES)	358,626	300,000	-	300,000	(58,626)
Change in fund balance	<u>\$ -</u>	<u>\$ 137,180</u>	13,477	<u>\$ 150,657</u>	<u>\$ 150,657</u>
Fund balance, beginning			<u>137,181</u>		
Fund balance, ending			<u>\$ 150,658</u>		

Mid-East Commission
Boys and Girls Club
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-10

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Other local revenue	\$ 8,083	\$ 8,083	\$ -
TOTAL REVENUES	8,083	8,083	-
EXPENDITURES:			
Personnel	5,568	5,568	-
Other direct expenses	131	131	-
Indirect costs	2,384	2,384	-
TOTAL EXPENDITURES	8,083	8,083	-
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Hispanic - English as a Second Language
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-11

	2008		Variance
	Budget	Actual	Positive (Negative)
REVENUES:			
Other local revenue	\$ 5,271	\$ 5,270	\$ (1)
TOTAL REVENUES	5,271	5,270	(1)
EXPENDITURES:			
Travel	838	838	-
Contractual services	1,514	1,513	1
Other direct expenses	2,919	2,919	-
TOTAL EXPENDITURES	5,271	5,270	1
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Scholarship
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

Schedule B-12

	2008		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Federal awards	\$ 1,894	\$ 1,893	\$ (1)
TOTAL REVENUES	1,894	1,893	(1)
EXPENDITURES:			
Other direct expenses	1,894	1,893	1
TOTAL EXPENDITURES	1,894	1,893	1
Change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

Mid-East Commission
Combining Statement of Net Assets - Proprietary Fund
Mid-East Development Corporation
June 30, 2008

Schedule C-1

	Twin Gables	Belhaven Senior Center	Veranda	Dogwoods	Management & Operations	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 9,122	\$ 20,916	\$ 551	\$ 8,070	\$ 105,161	\$ 143,820
Security deposits	4,029	-	1,425	9,329	-	14,783
Escrow	1,447	-	1,447	5,115	-	8,009
Reserve	11,280	-	1,059	34,651	-	46,990
Accounts receivables	-	-	-	-	10,129	10,129
Prepaid expenses	132	-	132	1,632	-	1,896
Total current assets	26,010	20,916	4,614	58,797	115,290	225,627
Capital Assets:						
Building	251,014	-	360,669	1,153,659	-	1,765,342
Land	10,000	-	20,000	68,750	-	98,750
Furniture	4,263	-	3,460	11,814	20,680	40,217
Accumulated Depreciation	(98,314)	-	(71,184)	(391,440)	(20,680)	(581,618)
Total capital assets, net	166,963	-	312,945	842,783	-	1,322,691
Total Assets	192,973	20,916	317,559	901,580	115,290	1,548,318
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	\$ 1,311	\$ 7,287	\$ 3,148	\$ 5,668	\$ 18,205	\$ 35,619
Security deposits	4,029	-	1,425	9,277	-	14,731
Notes payable - current	7,060	-	4,316	9,399	-	20,775
Total current liabilities	12,400	7,287	8,889	24,344	18,205	71,125
Non-Current Liabilities						
Notes Payable -Non-Current:						
NC Housing	28,118	-	83,870	-	-	111,988
FMHA	214,184	-	268,717	1,033,709	-	1,516,610
Total non-current liabilities	242,302	-	352,587	1,033,709	-	1,628,598
Total liabilities	254,702	7,287	361,476	1,058,053	18,205	1,699,723
NET ASSETS						
Invested in capital assets, net of related debt	(82,399)	-	(43,958)	(200,325)	-	(326,682)
Unrestricted	20,670	13,629	41	43,852	97,085	175,277
Total net assets	\$ (61,729)	\$ 13,629	\$ (43,917)	\$ (156,473)	\$ 97,085	\$ (151,405)

Mid-East Commission
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Mid-East Development Corporation
For the Fiscal Year Ended June 30, 2008

Schedule C-2

	Twin Gables	Belhaven Senior Center	Veranda	Dogwoods	Management & Operations	Total
OPERATING REVENUES						
Rental income	\$ 22,670	\$ -	\$ 20,578	\$ 21,714	\$ -	\$ 64,962
Operation and management	250	-	510	903	1,742	3,405
Other local revenue	-	2,517	-	-	-	2,517
Total operating revenues	22,920	2,517	21,088	22,617	1,742	70,884
OPERATING EXPENSES						
Management related	11,617	-	5,995	17,570	-	35,182
Operation of program services	33,329	43,026	40,098	99,288	2,115	217,856
Contractual services	14,469	7,353	-	16,976	-	38,798
Total operating expenses	59,415	50,379	46,093	133,834	2,115	291,836
Operating income (loss)	(36,495)	(47,862)	(25,005)	(111,217)	(373)	(220,952)
NONOPERATING REVENUES (EXPENSES)						
Rental assistance received	40,372	-	15,475	61,008	-	116,855
Interest subsidies received	11,475	-	11,234	47,983	-	70,692
Interest income	269	-	145	1,453	92	1,959
Contributions and local support	-	15,394	-	-	-	15,394
Grant funds:						
Aging	-	32,468	-	-	-	32,468
Interest expense	(16,201)	-	(17,425)	(20,845)	-	(54,471)
Total nonoperating revenues (expenses)	35,915	47,862	9,429	89,599	92	182,897
Change in net assets	(580)	-	(15,576)	(21,618)	(281)	(38,055)
Net assets, beginning	(61,149)	13,629	(28,341)	(134,855)	97,366	(113,350)
Net assets, ending	<u>\$ (61,729)</u>	<u>\$ 13,629</u>	<u>\$ (43,917)</u>	<u>\$ (156,473)</u>	<u>\$ 97,085</u>	<u>\$ (151,405)</u>

OTHER SCHEDULES

This section contains additional information on indirect costs.

— Schedule of Indirect Costs

Mid-East Commission
Schedule of Indirect Costs
For the Year Ended June 30, 2008

Schedule D-1

Salaries	\$ 221,023
Fringe Benefits	106,469
Supplies	3,988
Postage and telephone	29,917
Staff travel	20,430
Other travel	2,213
Printing, publishing and dues	36,530
Legal service	3,387
Contractual services	9,423
Audit and bookkeeping	26,000
Insurance and bonding	19,242
Equipment lease and repair	11,529
Occupancy costs	<u>22,519</u>
Total Indirect Costs	<u><u>\$ 512,670</u></u>

COMPLIANCE SECTION

**Report On Internal Control Over Financial Reporting And On Compliance and Other
Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

To the Board of Directors
Mid-East Commission
Washington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Mid-East Commission, North Carolina as of and for the year ended June 30, 2008, which collectively comprises the Mid-East Commission's basic financial statements, and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mid-East Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-East Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mid-East Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Mid-East Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Mid-East Commission's financial statements that is more than inconsequential will not be prevented or detected by Mid-East Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Mid-East Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of Directors, and federal and State awarding agencies and pass-through entities and is not intended to and should not be used by anyone other than these specific parties.

Pittard Perry & Crone, Inc.

Belhaven, North Carolina
October 3, 2008

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

To the Board of Directors
Mid-East Commission
Washington, North Carolina

Compliance

We have audited the compliance of Mid-East Commission, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. Mid-East Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Mid-East Commission's management. Our responsibility is to express an opinion on Mid-East Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Mid-East Commission's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mid-East Commission's compliance with those requirements.

In our opinion, Mid-East Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Mid-East Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Mid-East Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Mid-East Commission's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Mid-East Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Mid-East Commission's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of Directors, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Pittard Perry & Crone, Inc.
Belhaven, North Carolina
October 3, 2008

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

To the Board of Directors
Mid-East Commission
Washington, North Carolina

Compliance

We have audited the compliance of Mid-East Commission, North Carolina with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. Mid-East Commission's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Mid-East Commission's management. Our responsibility is to express an opinion on Mid-East Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Mid-East Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mid-East Commission's compliance with those requirements.

In our opinion, Mid-East Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Mid-East Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Mid-East Commission's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Mid-East Commission's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by Mid-East Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by Mid-East Commission's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of Directors, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Pittard Perry & Crone, Inc.

Belhaven, North Carolina
October 3, 2008

Mid-East Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant Deficiency(ies) identified that are not considered to be material weaknesses _____ Yes X None Reported

Noncompliance material to financial Statements noted _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant Deficiency(ies) identified that are not considered to be material weaknesses _____ Yes X None Reported

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

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

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.044	Special Programs for the Aging – Title III B
93.045	Special Programs for the Aging – Title III C
17.235	Title V – Senior Employment
17.258	WIA Adult Programs
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
11.307	Revolving Loan Fund

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

Auditee qualified as low-risk Auditee? _____ Yes X No

Mid-East Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

State Awards

Internal control over major State programs:

Material weakness(es) identified? _____ Yes X No

Significant Deficiency(ies) identified that are
not considered to be material weaknesses _____ Yes X None
Reported

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

Any audit findings disclosed that are required to be reported in
accordance with the State Single Audit Implementation Act _____ Yes X No

Identification of major State programs:

Program Name
In-home Services
Access

Mid-East Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

Section IV – State Award Findings and Questioned Costs

None noted

Mid-East Commission
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2008

Applicable to Section II – Financial Statement Findings and Questioned Cost

None reported

Applicable to Section III – Federal Award Findings and Questioned Cost

None reported

Applicable to Section IV – State Award Findings and Questioned Cost

None reported

Mid-East Commission
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2008

Finding: 07-01 Internal Control Over Financial Statement Preparation

Status: Corrected

Finding: 07-02 Excess of Expenditures over Appropriations

Status: Corrected

Mid-East Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Fiscal Year Ended June 30, 2008

Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Federal Direct and Pass Through Expenditures	State Expenditures
Federal Programs			
<u>U.S. Dept. of Agriculture</u>			
Direct Program			
Rural Rental Assistance Payments (MEDC)			
Interest subsidies	10.427	\$ 70,692	\$ -
Rental subsidies	10.427	116,855	-
		<u>187,547</u>	<u>-</u>
Passed through State Dept. of Health and Human Services			
USDA Supplement	10.570	<u>104,114</u>	<u>-</u>
Total U. S. Dept. of Agriculture		<u>291,661</u>	<u>-</u>
<u>U.S. Dept. of Health and Human Services</u>			
Passed through State Dept. of Health and Human Services			
Special Programs for the Aging - Title III B			
Planning and Administration	93.044	66,149	3,625
In-Home Services	93.044	213,682	12,570
Ombudsman Program	93.044	62,218	3,660
Legal Services	93.044	32,433	1,908
Access	93.044	<u>175,490</u>	<u>10,323</u>
		549,972	32,086
Special Programs for the Aging - Title III C			
Congregate Nutrition	93.045	253,880	14,934
Home Delivered Meals	93.045	179,512	10,560
Planning and Administration	93.045	<u>52,614</u>	<u>2,883</u>
		486,006	28,377
Special Programs for the Aging			
Title VII - B – Elder Abuse	93.041	5,602	330
Title VII - E – Ombudsman Program	93.042	13,737	808
Preventive Health	93.043	24,223	1,425
Family Caregiver Support	93.052	161,784	10,786
SSBG	93.667	62,328	1,781
Title III-E Planning and Administration	93.052	<u>16,180</u>	<u>887</u>
		283,854	16,017
Passed through State Dept. of Insurance			
SHIP-Lookout	93.048	7,000	-
Total U. S. Health and Human Services		<u>1,326,832</u>	<u>76,480</u>
<u>U.S. Dept. of Commerce</u>			
Direct Program			
Economic Development Administration	11.300	53,000	44,167
Economic Development Administration-Revolving Loan Fund	11.307	<u>396,896</u>	<u>-</u>
Total U. S. Dept. of Commerce		<u>449,896</u>	<u>44,167</u>

Mid-East Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For The Fiscal Year Ended June 30, 2008

<u>U.S. Dept. of Labor</u>			
<u>Passed through State Dept. of Commerce</u>			
Title V Senior Employment	17.235	1,620,031	-
WIA 2010	17.258	259,593	-
WIA 2020	17.259	924,264	-
WIA 2030	17.260	353,871	-
WIA 2031	17.260	216,981	-
WIA 2040	17.259	895,492	-
WIA 2050	17.259	336,845	-
		<u>2,987,046</u>	-
 Total U. S. Dept. of Labor		 <u>4,607,077</u>	 -
 Total Federal Assistance		 <u>\$ 6,675,466</u>	

Mid-East Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Fiscal Year Ended June 30, 2008

State Programs

<u>Department of Administration (OSBM)</u>		
State Technical Assistance	N/A	\$ 58,950
<u>Department of Health and Human Services</u>		
AAA Administration	N/A	45,423
Access	N/A	184,202
Congregate nutrition	N/A	51,463
Fans Program	N/A	1,674
Home delivered meals	N/A	167,729
In-Home Services	N/A	791,667
Ombudsman	N/A	14,547
Senior Center Development	N/A	54,675
Senior Center Outreach	N/A	5,913
SHIP	N/A	10,000
Total Department of Health and Human Services		<u>1,327,293</u>
<u>Department of Insurance</u>		
SHIP	N/A	8,000
<u>NC Health and Wellness Trust Fund Commission</u>		
Medication Assistance Program	N/A	48,412
<u>Department of Transportation</u>		
Rural Transportation Planning	N/A	88,600
Total State programs		<u>1,523,255</u>
Total State Assistance		<u>\$ 1,643,902</u>

Mid-East Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Fiscal Year Ended June 30, 2008

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

1. Basis of Presentation - The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Mid-East Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.
2. Subrecipients - Of the Federal and State expenditures presented in the schedule, Mid-East Commission provided federal and state awards to subrecipients as follows:

Program Title	CFDA Number	Federal Expenditures	State Expenditures
Title V	17.235	\$ 1,620,031	\$ -
USDA Supplement	10.570	104,114	-
WIA 2010	17.258	259,593	-
WIA 2020	17.259	924,264	-
WIA 2030	17.260	570,852	-
WIA 2040	17.259	895,492	-
WIA 2050	17.259	336,845	-
Preventive Health	93.043	24,223	1,425
Access Services	93.044	175,490	10,323
In-home Services	93.044	213,682	12,570
Legal Services	93.044	32,433	1,908
Congregate Nutrition	93.045	253,880	14,934
Home Delivered Meals	93.045	179,512	10,560
SSBG	93.667	62,328	1,781
Access	N/A	-	184,202
Congregate nutrition	N/A	-	51,463
Home delivered meals	N/A	-	167,729
In-Home Services	N/A	-	791,667
Senior Center Development	N/A	-	54,675
Senior Center Outreach	N/A	-	5,913
Totals		<u>\$ 5,652,739</u>	<u>\$ 1,309,150</u>

October 3, 2008

To the Members of the Executive Board
Mid East Commission

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Mid East Commission for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated May 29, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with US generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Mid East Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal and State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Mid East Commission's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Mid East Commission's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal and State programs for the purpose of expressing an opinion on Mid East Commission's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide legal determination on Mid East Commission's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 9, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mid East Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation of capital assets is based on Mid East Commission's capital asset policy, which is based on historic information. We evaluated the key factors and assumptions used to develop the estimate of depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicated them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 3, 2008.

Management Consultations with Other Independent Accountants

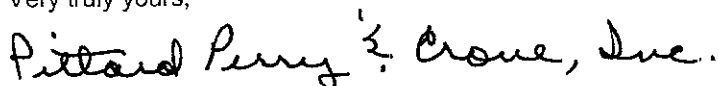
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Executive Board and management of Mid East Commission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Pittard Perry & Crone, Inc.

Mid-East Commission
June 30, 2008
Special Revenue Funds

Financial Statements Effect -
Amount of Over (Under) Statement of:

Pass A/c #	Description (Nature of Audit Difference)	Cause	Total Assets	Total Liabilities	Fund Equity	Revenues	Expenses	Net Income	Working Capital
1	To adjust salaries payable	salaries different than supporting documentation	-	(2,702)	2,702	-	(2,702)	2,702	2,702
2	To adjust compensated absences	compensated absences different than supporting documentation	-	3,080	(3,080)	-	6,762	(6,762)	(3,080)
3	To adjust accounts payable	accounts payable different than supporting documentation	-	21,921	(21,921)	-	21,921	(21,921)	(21,921)
<hr/>									
Total			-	22,299	(22,299)	-	25,981	(25,981)	(22,299)
	Less audit adjustments subsequently booked		-	-	-	-	-	-	-
	Net unadjusted audited difference-this year		-	22,299	(22,299)	-	25,981	(25,981)	(22,299)
	Effect of Unadjusted audited difference- prior years						-	-	-
	Net audit differences		-	22,299	(22,299)	-	25,981	(25,981)	(22,299)