



CAMDENCOUNTY

new energy. new vision.

**BOARD
OF
COMMISSIONERS**

January 5th, 2015

7:00 PM - Regular Meeting

**Historic Courtroom
Courthouse Complex**

This agenda is only a tentative schedule of matters the Commissioners may address at their meeting and all items found on it may be deleted, amended or deferred. The Commissioners may also, in their absolute discretion, consider matters not shown on this agenda.

Please turn Cell Phone ringers off during the meeting.

Agenda

**Camden County Board of Commissioners Regular Meeting
January 5th, 2015
7:00 P.M. - Regular Meeting
Historic Courtroom, Courthouse Complex
Camden, North Carolina**

7:00 P.M. Welcome

Invocation & Pledge of Allegiance – Commissioner Sandra Duckwall

ITEM 1. Public Comments

It is requested that comments be limited to (2-3) minutes. The length and number of comments may be limited upon the Chairman’s discretion due to scheduling and other issues.

ITEM 2. Consideration of Agenda (For discussion and possible action)

ITEM 3 Presentations

A. Gwen Westcott (Pg. 4)

ITEM 4. Old Business (For discussion and possible action)

A. One Mill Park Contracts (Pg. 5-18)

ITEM 5. New Business (For discussion and possible action)

A. Monthly Tax Reports - November..... (Pg. 19-26)

B. Proposal for Legislative Issues Consultant Services (Pg. 27-47)

ITEM 6. Board Appointments (For discussion and possible action)

A. TDA – Georgia Lamb (Pg. 48-49)

ITEM 7. Consent Agenda (All items listed below are routine and will be approved by one motion. Separate discussion of an item(s) will be held by request of a member of the Board.)

A. Tax Collection Report - November (Pg. 50-51)

B. Tax Refunds, Pickups, & Releases (Pg. 52-56)

- ITEM 8. Commissioner's Report (For discussion and possible action)**
- ITEM 9. County Manager's Report (For discussion and possible action)**
- ITEM 10. Information, Reports & Minutes From Other Agencies (Pgs. 57-272)**
 - A. Sheriff – November Monthly Report (Pg. 58)
 - B. Register of Deeds Monthly Report (Pgs. 59-60)
 - C. ECBH – November Financial Report (Pgs. 61-64)
 - D. ECBH – Finance Committee December 2014 Board Packet (Pgs. 65-75)
 - E. ECBH – Board of Directors December 2014 Board Packet (Pgs. 76-90)
 - F. ECBH – Year End Financial Statements (Pgs. 91-242)
 - G. Economic Investment Committee – 2015 Meeting Schedule (Pgs. 243)
 - H. Levelized Cost of Energy (Pgs. 244-264)
 - I. SEWC NC Wind Energy Fact Sheet (Pgs. 265-267)
 - J. NC Rural Infrastructure Authority Approves Eighth Round of Grants (Pgs. 268-271)
- ITEM 11. Other Matters (For discussion and possible action)**
- ITEM 12. Adjourn**

**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 3.A

INFORMATION

Meeting Date: January 5th, 2015

Attachments:

Submitted By: Gwen Westcott

ITEM TITLE: Presentation

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

SUMMARY:

Ms. Westcott would like to give a brief update on the Regional Advisory Committee and the Senior Scam Jam.

RECOMMENDATION:

Information only

**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 4.A

Old Business

Meeting Date: January 5, 2014

Attachments: Bid Tabulation
Quible Recommendation
Restroom Proposal
Quible Administration

Submitted By: Dan Porter, Planning Director

ITEM TITLE: One Mill Park Contracts

SUMMARY:

The County advertised received bids on 2 contracts for the park – one for the marine work and one for the site work. In addition we have received a proposal for a design/build contract for the restroom structure and a proposal from Quible engineers to inspect and administer the construction of all project elements. Picnic shelters and playground equipment is being purchased and installed by vendor. The overall project elements include:

- Clearing and grubbing site
- Grading and stormwater improvements
- Replacement of boat ramp
- Replacement of 1 pier and construction of 2nd pier
- Replacement of 377 foot rip rap & bulkhead
- Construction of boardwalk behind bulkhead
- Construction of parking lot and boat ramp turnaround
- Construction of small restroom & septic system
- Interior sidewalk
- Installation of open pavilion and 2 smaller gazebo picnic shelters
- Installation of playground equipment
- Fencing and landscaping

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

The attached bid tabulation shows that 3 firms bid on the marine work and 4 bid on the site work. A R Chesson was the low bid on both contracts. A R Chesson has also provided the design/build contract for the restroom. The playground equipment, rubber surface and picnic shelters will be installed by the vendor.

The total project budget is projected to be \$745,460.

Funding for the project includes:

PARTF	\$ 290,240
CAMA	\$ 139,671
Division of Wildlife	\$ 112,500
Donated land value	\$ 38,400
Local match	<u>\$ 164,650</u>
Total	\$ 745,461

The Board of Commissioners has previously approved a 50% local match of \$290,240 for the PARTF grant and a 10% of \$28,619 match for the CAMA grant.

Due to the ability to double match on some of selected project elements, the local cash contribution is projected to be reduced to 22% of the total cost which is \$125,590 less than the approved PARTF matching cash.

RECOMMENDATION:

- 1) Motion to approve and authorize County Manager to sign the following contracts with A R Chesson:

Contract #1 Waterfront Improvements	\$180,114
Contract #2 Site Improvements	\$139,032.50
Design/Build Restroom	\$40,000

- 2) Motion to approve Contract Administration to Quible & Associates for \$9,700.

One Mill Park Bid Summary

Contract 1 - Waterfront Improvements

BID OPENING DATE : 12-12-2014, 10:00 A.M.

Quible Project Number : 13103



Quible SINCE 1959
& Associates, P.C.

ENGINEERING * CONSULTING * PLANNING
 ENVIRONMENTAL SCIENCES * SURVEYING
 Phone: (252) 261-3300
 Fax: (252) 261-1260
 Web: www.quible.com

BID SUMMARY

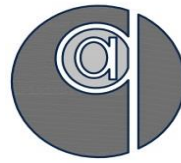
Contractor		Total Base Bid Price
1	A.R. Chesson	\$180,114.00
2	Carolina Marine Structures	\$183,000.00
3	B. F. Warren & Sons	\$235,000.00

One Mill Park Bid Summary

Contract 2 - Site Improvements

BID OPENING DATE : 12-12-2014, 10:20 A.M.

Quible Project Number : 13103



Quible SINCE 1959
& Associates, P.C.

ENGINEERING * CONSULTING * PLANNING
 ENVIRONMENTAL SCIENCES * SURVEYING
 Phone: (252) 261-3300
 Fax: (252) 261-1260
 Web: www.quible.com

BID SUMMARY

Contractor		Total Base Bid Price
1	A.R. Chesson Construction Co.	\$139,032.50
2	Barnhill Construction Co.	\$152,028.00
3	Whitehurst Sand	\$156,642.15
4	Carolina Marine Structures	\$236,080.00

Quible & Associates, P.C.

ENGINEERING • ENVIRONMENTAL SCIENCES • PLANNING • SURVEYING
SINCE 1959

P.O. Drawer 870
Kitty Hawk, NC 27949
Phone: 252-261-3300
Fax: 252-261-1260
web: quible.com

December 17, 2014

Mr. Dan Porter
Camden County Planning Director
PO Box 190
Camden, NC 27921

Re: One Mill Park Project Agreement for Professional Services
Contract 1 – Waterfront Improvements & Contract 2 – Site Improvements
Contract Administration and Construction Management

Mr. Porter

Quible & Associates, P.C. (Quible) is pleased to present this proposal to continue our working relationship with Camden County for the One Mill Park Project (the Project). This proposal is for Contract Administration and Construction Management Services for the One Mill Park Project.

WORK SCOPE

- I. Contract Administration and Construction Management:
 1. Administer the contract award, execution, and notice to proceed.
 2. Review and certify applications for payment in accordance with contract (four pay requests estimated).
 3. Review shop drawings, diagrams, illustrations, catalog data, samples, test results, inspections, and other data which the Contractor submits for compliance with their contracts.
 4. Conduct preconstruction conference between owner and contractor and subcontractors.
 5. Weekly site inspection and progress meetings conducted by the Engineer in responsible charge (14 weeks) and two inspections by structural engineer.
 6. Provide field engineering and contractor directives.
 7. Provide owner and contractor utility coordination between local utilities (power, telephone, and water).
 8. Conduct substantial completion inspection and documentation.
 9. Final notice of acceptability of work.

GENERAL EXCLUSIONS

- I. Construction management and field engineering shall be coordinated through the awarded prime contractor. Management and coordination of subcontractors is not part of this agreement.
- II. Surveying is not part of this agreement and is to be covered under the awarding contractor's construction contract.

PAYMENT TO CONSULTANT

The County shall pay Quible for services rendered under this Agreement as follows:

<u>Task- Base Scope</u>	<u>Lump Sum Fee</u>
Contract Administration and Pay Applications management (1-2)	\$ 1,600.00
Review/Approve contractor submittals (ie: Shop dwg's, tests, etc.) (3)	\$ 1,000.00
Weekly site and two structural inspections & progress meetings (4-6)	\$ 5,800.00
Utility Coordination (7)	\$ 400.00
Project Closeout : substantial completion, final closeout (8-9)	\$ 900.00
Total	\$ 9,700.00

Agreement Conditions:

This is a performance contract. Parties, hereto, agree that payment for services shall be made based upon completion of tasks outlined under this Agreement, and shall not be conditioned upon an event, such as securing a permit, or other event.

Statements for services rendered, through the 25th day of each month, will be presented for payment on the first day of the subsequent month. Each monthly statement amount shall be due and payable on or before the 15th day of the invoice month. Any unpaid balance aged 30 days or more shall be subject to a service charge of 1.5% per month until paid in full, including the service charge.

This Agreement becomes a contract for professional services rendered between Quible and Camden County with the signature of an authorized representative below.

We appreciate the opportunity to be of service to Camden County and look forward to proceeding with this important project. Thank you for your attention to this proposed Agreement. Please do not hesitate to contact us at 252.261.3300 or by email at ddail@quible.com.

We have enclosed two copies of this Agreement. Please execute and return one to Quible as authorization to proceed and retain the other for your files.

Sincerely,
QUIBLE & ASSOCIATES, P.C.



Derek A. Dail, P.E.
Project Manager

In witness whereof, the parties hereto have executed this Agreement.

CLIENT:

Camden County

Authorized Signature

By: _____
Print Name

Title: _____

Date Signed: _____

ENGINEER:

Quible & Associates, PC

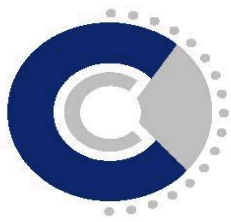


Authorized Signature

By: Brian D. Rubino, P.G.
Print Name

Title: Vice President

Date Signed 12/17/2014



PROPOSAL FOR **One Mill Park Restroom Facility**

Camden County, NC

November 1, , 2014

We are pleased to submit this proposal for the design and construction of a new restroom facility for One Mill Park in Shiloh Township, Camden County, NC. This proposal is based on information provided on the site plans dated 8/28/14 by Quible & Associates, P.C. and follow-up discussions with Derek Dail, P.E. The scope of work below is organized by CSI's Master Format 1995 dividing the work into 16 divisions.

- **PROJECT OVERVIEW**

The new restroom facility will be approximately 20' x 8' and will contain a men's restroom, a women's restroom and a housekeeping room. The building will consist of a wood structure, metal roof, concrete floor, and fiber-cement siding. Each restroom will contain 1 toilet fixture, 1 lavatory fixture, and 1 floor drain. Floors, walls, and ceilings will be non-absorbent for easy cleaning and low-maintenance characteristics.

- **DIVISION 1 – GENERAL REQUIREMENTS**

- Local Building / trade permits
- Management / supervision
- Temporary toilet facilities
- Cleanup / disposal of construction debris
- Builder's risk insurance
- Workman's compensation insurance
- General liability insurance
- Building design including structural, architectural, plumbing, mechanical & electrical
- Coordination with site contractor

- **DIVISION 2 –SITE CONSTRUCTION (NOT USED)**

- **DIVISION 3 – CONCRETE**

- Building foundation and slab as designed by NC licensed structural engineer
- 4" thick concrete slab on grade with welded wire fabric and 6 mil poly vapor barrier
- Machine troweled finish on floor slab
- Perimeter termite spray as required by code

- **DIVISION 4 – MASONRY**

- CMU foundation walls as designed by NC licensed structural engineer

- **DIVISION 5 – METALS (NOT USED)**

- DIVISION 6 – WOODS & PLASTICS
 - Wood stud framing as designed by NC licensed structural engineer
 - Plywood wall and roof sheathing
 - Fiber cement siding and trim on exterior walls
 - Pressure treated wood ADA ramp and deck

- DIVISION 7 – THERMAL & MOISTURE PROTECTION
 - Tyvek vapor barrier behind siding on exterior walls
 - Insulation as required by code
 - Screw-down metal roof on 15# felt underlayment

- DIVISION 8 – DOORS & WINDOWS
 - Hollow metal doors and frames
 - Hardware to consist of commercial grade hinges, closers, and lever locksets

- DIVISION 9 – FINISHES
 - FRP panels on interior walls and ceilings
 - Sealed concrete floors

- DIVISION 10 – SPECIALTIES
 - ADA grab bars signage as required by code
 - Toilet paper holders
 - Electric hand dryers
 - Soap dispensers

- DIVISION 11 – EQUIPMENT (NOT USED)

- DIVISION 12 – FURNISHINGS (NOT USED)

- DIVISION 13 – SPECIAL CONSTRUCTION (NOT USED)

- DIVISION 14 – CONVEYING SYSTEMS (NOT USED)

- DIVISION 15 – MECHANICAL
 - Complete plumbing and exhaust systems as designed by NC licensed engineer
 - Plumbing
 - Fixtures to include:
 - (2) ADA compliant vitreous china toilets
 - (2) vitreous china wall-hung lavatories with metering faucets
 - (2) floor drains
 - (1) locking hose bib
 - (2) under-counter electric instantaneous water heaters
 - Drain/Waste/Vent piping within 5'-0" of building to be PVC
 - Water service piping within 5'-0" of building to be Type-L copper
 - Water distribution piping inside building to be Pex

- HVAC
 - (1) motion-activated exhaust fan in each restroom
- DIVISION 16 – ELECTRICAL
 - 100 amp subpanel with breakers
 - Motion-activated lights in restrooms
 - Switched fluorescent light in housekeeping closet
 - (1) duplex receptacle outlet in housekeeping closet

TOTAL ESTIMATED COST FOR SCOPE OF WORK AS DESCRIBED ABOVE:

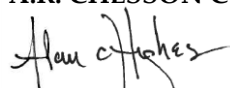
FORTY THOUSAND DOLLARS (\$40,000.00)

- EXCLUSIONS
 - Civil design
 - State and federal permitting
 - Sitework
 - Testing / special inspections
 - Building pad / fill
 - Unsuitable soils
 - Power company connection fees
 - Electrical feed to building
 - Tap / impact fees
 - Septic system
 - Utilities from 5'-0" outside of building

Thank you for the opportunity to submit this proposal.

Respectfully submitted,

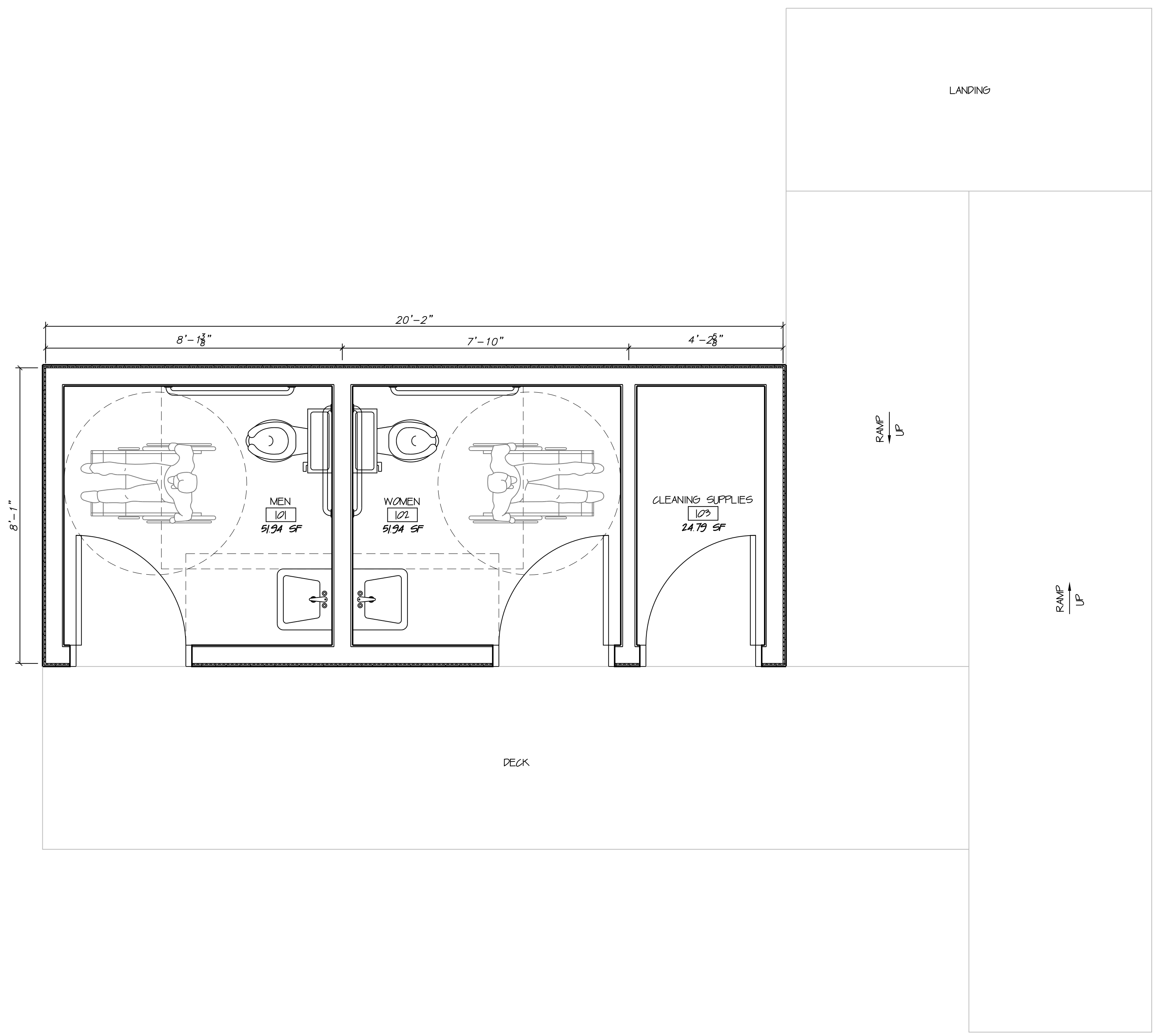
A.R. CHESSON CONSTRUCTION CO., INC.



Adam C. Hughes
Project Manager



This drawing and the design shown are the property of A.R. Chesson Construction Company, Inc. and any reproduction or distribution of this drawing and/or design without our written or verbal permission is prohibited by law.



1 FLOOR PLAN
1/2"=1'-0"

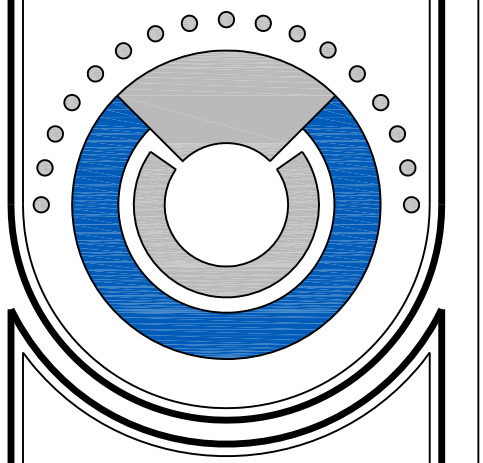
Project Name & Location

FLOOR PLAN
ONE MILL PARK
261 ONE MILL ROAD
SHILOH, NORTH CAROLINA

Revisions/Issue	Date

Firm Name and Address

A.R. CHESSON
CONSTRUCTION COMPANY, INC.
 PO BOX 2266 - 138 RICH BLVD.
 ELIZABETH CITY, NC 27909
 PHONE: 252-338-9171
 FAX: 252-338-9172
 Web Address: archesson.com



Drawn CMM	D1.01
Project No. TBD	
Date 11/17/14	
Scale 1/2"=1'-0"	
Sheet 1 of 1	

Project Costs								
One Mill Park Combined Budget								
Project Elements (specific units - sizes - numbers -	Projected Cos	Revised Budget	PARTF	ACCESSS	Donated	Wildlife	Local Cash	Actual Cost
Building & Renovation Costs								
Mobilization		\$ 5,000					\$ 15,568	\$ 15,568
Site Earthwork & Grading(Note: see org. est for BMP)		\$ 33,054					\$ 9,095	\$ 9,095
Cul-De-Sac		\$ 16,542				\$ 11,250	\$ (11,250)	
Erosion Contral		\$ 11,626					\$ -	
Demolition	\$11,500.00	\$ 11,500	\$ 5,750				\$ 5,750	\$ 11,500
Playground Equipment & Installation	\$65,000.00	\$ 65,000	\$ 32,500				\$ 16,118	\$ 48,618
Picnic Shelter	\$35,000.00	\$ 35,000	\$ 17,500				\$ (17,500)	
Poured in Place Rubber Safety surface	\$45,000.00	\$ 45,000	\$ 22,500				\$ 13,170	\$ 35,670
Site Amenities	\$10,000.00	\$ 10,000	\$ 5,000				\$ 5,000	\$ 10,000
Picnic shelters	\$42,480.00	\$ 42,480	\$ 21,240				\$ 35,590	\$ 56,830
Replace Boat Ramp	\$8,500.00	\$ 8,000	\$ 4,250	\$ 8,500		\$ 37,500	\$ (4,126)	\$ 46,124
New Pier/Canoe Launch	\$8,000.00		\$ 4,000	\$ 8,000			\$ 17,150	\$ 29,150
Replace Existing Pier(Note: eng. & wrc group both)	\$8,000.00	\$ 17,780	\$ 4,000	\$ 8,000		\$ 15,000	\$ (27,000)	
Replace bulkhead & rip rap	\$36,000.00	\$ 45,960	\$ 18,000	\$ 36,000		\$ 15,000	\$ 8,890	\$ 77,890
Construct Parking	\$39,500.00	\$ 29,261	\$ 19,750	\$ 32,171		\$ 33,750	\$ (38,983)	\$ 46,688
Construct Boardwalk	\$20,000.00	\$ 18,000	\$ 10,000	\$ 20,000			\$ (3,050)	\$ 26,950
Construct Restrooms	\$15,000.00	\$ 15,000	\$ 7,500	\$ 15,000			\$ 28,618	\$ 51,118
Install Fence	\$2,800.00	\$ 2,800	\$ 1,400				\$ 1,400	\$ 2,800
Landscaping	\$6,000.00	\$ 6,000	\$ 3,000				\$ 3,000	\$ 6,000
Septic System repair/replacement	\$7,500.00	\$ 5,000	\$ 3,750				\$ 1,814	\$ 5,564
Stormwater Infraststructure & BMP	\$12,000.00	\$ 9,740	\$ 5,000	\$ 12,000			\$ 18,065	\$ 35,065
Sidewalk/trail 750 linear ft X 5 ft	\$15,000.00	\$ 20,000	\$ 7,500				\$ 8,435	\$ 15,935
Lighting	\$2,000.00	\$ 2,000	\$ 1,000				\$ 1,000	\$ 2,000
Total Hard Costs	\$389,280.00	\$ 454,743	\$ 193,640	\$ 139,671	\$ -	\$ 112,500	\$ 86,752	\$ 532,563
Contingency	\$19,464.00	\$ 19,364	\$ 9,682				\$ -	\$ 9,682
Value of Land to be purchased or donated	\$168,400.00	\$ 168,400	\$ 84,200		\$ 38,400		\$ 45,800	\$ 168,400
Planning & Incidental Land Acquisition costs (20 %)								
Survey	\$400.00	\$ 650	\$ 200				\$ 450	\$ 650
perk test	\$60.00	\$ 60	\$ 30				\$ 30	\$ 60
Appraisal	\$275.00	\$ 275	\$ 138				\$ 138	\$ 275
Site Plan	\$800.00	\$ 800	\$ 400				\$ 750	\$ 1,150
Permit Fees	\$1,400.00	\$ 1,035	\$ 700				\$ (65)	\$ 635
Stormwater Plan & Engineering	\$2,500.00	\$ 19,150	\$ 1,250	\$ -			\$ 30,195	\$ 31,445
Legal		\$ 600					\$ 600	\$ 600
Recording							\$ -	
Subtotal Planning	\$5,435.00	\$ 22,570	\$ 2,718	\$ -	\$ -		\$ 32,097	\$ 34,815
Total Project Cost	\$582,579.00	\$ 665,077	\$ 290,240	\$ 139,671	\$ 38,400	\$ 112,500	\$ 164,650	\$ 745,460
Total PARTF Grant Approved			\$ 290,240					\$164,649.12

Project Costs One Mill Park Combined Budget								
Project Elements (specific units - sizes - numbers -	Projected Cos	Revised Budget	PARTF	ACCESSS	Donated	Wildlife	Local Cash	Actual Cost
Total Access Approved				\$ 139,671				
Total Wildlife Approved						\$ 112,500		
Total Local Cash Match							\$ 164,650	\$ 745,460

\$ 82,498

Local %

22%

\$ 80,383

Savings

\$ 125,590

12% Over Revised Budget

43%

Engineering Costs

Stormwater - S&E Plans	\$	5,800
CAMA Major Permit Application	\$	7,250
Bulkhead/Piers/Boat Ramp/Boardwalk	\$	3,500
Construction Bidding -Stormwater	\$	2,600
Construction Admin & Inspection - Stormwater		
Construction Admin & Inspection - Improvements		
Total	\$	19,150

Projected costs
Contracts 1 & 2
Already Expeded
Quoted costs
Available Funding
CAMA Eligible Items

\$ 7,166 Sales Tax

\$ 9,682 Contiingincy

\$ 16,848 Potential savings

\$ 147,802 Potential Reduced Cash Cost

**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 5.A

NEW BUSINESS

Meeting Date: January 5th, 2015

Attachments: 2 (7 Pages)

Submitted By: Lisa Anderson, Tax Administrator

ITEM TITLE: Monthly Tax Report
November 2014

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

SUMMARY:

Monthly Tax Report for November 2014

RECOMMENDATION:

Review & Approve

**MONTHLY REPORT OF THE TAX ADMINISTRATOR TO THE
CAMDEN COUNTY BOARD OF COMMISSIONERS**

OUTSTANDING TAX DELINQUENCIES BY YEAR

<u>YEAR</u>	<u>REAL PROPERTY</u>	<u>PERSONAL PROPERTY</u>
2013	150,994.70	13,632.49
2012	51,948.13	14,196.22
2011	26,499.49	11,165.58
2010	21,183.20	6,538.28
2009	8,497.31	6,166.71
2008	6,864.63	6,354.62
2007	6,552.05	9,971.60
2006	2,223.60	14,548.14
2005	1,690.71	26,585.64
2004	939.82	12,136.83

TOTAL REAL PROPERTY TAX UNCOLLECTED	277,393.64
TOTAL PERSONAL PROPERTY UNCOLLECTED	121,296.11
TEN YEAR PERCENTAGE COLLECTION RATE	99.40%
COLLECTION FOR 2014 vs. 2013	13,476.22 vs. 15,219.75

LAST 3 YEARS PERCENTAGE COLLECTION RATE

2013	97.64%
2012	99.07%
2011	99.47%

THIRTY LARGEST UNPAID ACCOUNTS

SEE ATTACHMENT "A"

THIRTY OLDEST UNPAID ACCOUNTS

SEE ATTACHMENT "B"

EFFORTS AT COLLECTION IN THE LAST 30 DAYS

ENDING November **2014**
BY TAX ADMINISTRATOR

- 10 NUMBER DELINQUENCY NOTICES SENT
- 39 FOLLOWUP REQUESTS FOR PAYMENT SENT
- 0 NUMBER OF WAGE GARNISHMENTS ISSUED
- 17 NUMBER OF BANK GARNISHMENTS ISSUED
- 25 NUMBER OF PERSONAL PHONE CALLS MADE BY TAX ADMINISTRATOR
TO DELINQUENT TAXPAYER
- 0 NUMBER OF PERSONAL VISITS CONDUCTED (COUNTY OFFICES)
- 0 PAYMENT AGREEMENTS PREPARED UNDER AUTHORITY OF
TAX ADMINISTRATOR
- 0 NUMBER OF PAYMENT AGREEMENTS RECOMMENDED TO
COUNTY ATTORNEY
- 0 NUMBER OF CASES TURNED OVER TO COUNTY ATTORNEY FOR
COLLECTION (I.D. AND STATUS)
- 0 REQUEST FOR EXECUTION FILES WITH CLERK OF COURTS
- 0 NUMBER OF JUDGMENTS FILED

Roll	Parcel Number	Unpaid Amount	YrsDlq	Taxpayer Name	City	Property Address
R	01-7080-00-17-0129.0000	16,148.33	1	CAMDEN SQUARE ASSOCIATES	SOUTH MILLS	
R	03-8971-00-12-0477.0000	14,784.05	4	GILBERT WAYNE OVERTON &	SHILOH	187 THOMAS POINT RD
R	01-7979-00-61-7358.0000	11,017.82	3	POTOMAC TIMBER INVESTMENTS #17	SOUTH MILLS	HORSESHOE RD
R	01-7989-00-01-1714.0000	8,446.62	7	CHARLES MILLER HEIRS	SOUTH MILLS	HORSESHOE RD
R	03-8899-00-45-2682.0000	6,858.43	7	SEAMARK INC.	SHILOH	HOLLY RD
R	02-8935-02-76-2934.0000	6,641.42	1	EFFIE PAULINE CREEKMORE	CAMDEN	258 158 US E
R	03-8952-00-95-8737.0000	6,304.37	10	AUDREY TILLET	SHILOH	171 NECK RD
R	01-7998-01-08-8621.0000	5,361.33	1	WILLIE L. TURNER ETAL	SOUTH MILLS	1289 343 HWY N
R	02-8945-00-54-1099.0000	4,568.58	4	GERTIE LEE & JONOLA T ROUNTREE	CAMDEN	263 BELCROSS RD
R	03-8953-04-81-9832.0000	4,284.93	2	MAIDIA S. CECIL HEIRS	SHILOH	113 TROTMAN RD
R	02-8944-00-31-2148.0000	4,210.91	1	CARL HARRINGTON	CAMDEN	150 SAND HILLS RD
R	03-8972-00-51-8423.0000	3,921.45	2	BRITTON OVERTON	SHILOH	103 WESLEY RD
R	02-8945-00-41-2060.0000	3,860.50	7	LASELLE ETHERIDGE SR.	CAMDEN	168 BUSHELL RD
R	02-8936-00-21-4428.0000	3,362.39	1	CAROLYN MCDANIEL	CAMDEN	SCOTLAND RD
R	02-8934-03-20-9727.0000	3,295.39	1	RUTH ANN BURGESS ET AL	CAMDEN	158 CHANTILLY RD
R	03-8990-00-08-7291.0000	3,253.88	4	JAMES E RHODES	SHILOH	111 CATALAN DR
R	02-8936-00-00-8926.0000	3,176.48	6	ODELL TRAFTON	CAMDEN	215 SCOTLAND RD
R	01-7080-00-62-1977.0000	3,069.01	7	SANDERS CROSSING OF CAMDEN CO	SOUTH MILLS	117 OTTERS PL
R	03-8952-01-49-1090.0000	2,894.40	4	DRACHMA, INC & SIMSON BAAI, LLC	SHILOH	343 HWY S
R	01-7999-00-02-7813.0000	2,880.10	2	DINA TERESA NANNEY	SOUTH MILLS	112 PINE RIDGE DR
R	03-8899-00-37-3258.0000	2,850.18	3	LARRY WELDON	SHILOH	HIBISCUS RD
R	02-8934-03-20-7985.0000	2,686.30	1	RUTH ANN BURGESS ETAL	CAMDEN	CHANTILLY RD
R	03-8961-00-58-4506.0000	2,581.15	1	WARREN DEAN RIGGS	SHILOH	110 DRIFTWOOD DR
R	03-8889-00-48-0580.0000	2,574.02	2	HECTOR C. PALALAY & MILAGROS O	SHILOH	113 SAILBOAT RD
R	01-7998-01-08-6797.0000	2,489.18	3	EDWARD E. HARRIS JR.	SOUTH MILLS	1295 343 HWY N
R	03-8964-00-40-9957.0000	2,473.10	4	LASALLE SEARS HEIRS	SHILOH	291 BARTLETT RD
R	01-7998-01-18-1579.0000	2,387.20	1	FABIAN DIXON	SOUTH MILLS	1284 343 HWY N
R	03-8962-00-56-7217.0000	2,377.36	4	TONYA HUGHES HARRIS	SHILOH	253 WICKHAM RD
R	03-8965-00-44-7928.0000	2,357.66	2	WHALON & KATHLEEN MCCULLEN	SHILOH	404 SANDY HOOK RD
R	02-8934-04-71-8470.0000	2,353.19	7	JAMES MILTON JONES ETAL	CAMDEN	267 COUNTRY CLUB RD

Roll	Parcel Number	YrsDlq	Unpaid Amount	Taxpayer Name	City	Property Address
R	03-8899-00-45-2682.0000	10	6,858.43	SEAMARK INC.	SHILOH	HOLLY RD
R	03-8952-00-95-8737.0000	10	6,304.37	AUDREY TILLET	SHILOH	171 NECK RD
R	03-8943-04-93-8214.0000	10	2,109.43	L. P. JORDAN HEIRS	SHILOH	108 CAMDEN AVE
R	01-7090-00-60-5052.0000	10	1,008.86	JOE GRIFFIN HEIRS	SOUTH MILLS	117 GRIFFIN RD
R	02-8955-00-13-7846.0000	10	635.72	MARIE MERCER	CAMDEN	IVY NECK RD
R	03-9809-00-45-1097.0000	10	265.74	MICHAEL OBER	SHILOH	CENTERPOINT RD
R	01-7090-00-95-5262.0000	10	244.80	JOHN F. SAWYER HEIRS	SOUTH MILL	OLD SWAMP RD
R	03-8980-00-61-1968.0000	10	191.29	WILLIAMSBURG VACATION	SHILOH	CAMDEN POINT RD
R	03-9809-00-17-2462.0000	10	128.04	TODD ALLEN RIGGS	SHILOH	LITTLE CREEK RD
R	01-7998-01-08-8621.0000	9	5,361.33	WILLIE L. TURNER ETAL	SOUTH MILLS	1289 343 NC N
R	01-7999-00-32-3510.0000	9	1,737.85	LEAH BARCO	SOUTH MILLS	195 BUNKER HILL RD
R	02-8936-00-24-7426.0000	9	570.31	BERNICE PUGH	CAMDEN	113 BOURBON ST
R	02-8945-00-41-2060.0000	8	3,860.50	LASELLE ETHERIDGE SR.	CAMDEN	168 BUSHELL RD
R	02-8936-00-00-8926.0000	8	3,176.48	ODELL TRAFTON	CAMDEN	215 SCOTLAND RD
R	01-7999-00-12-8596.0000	8	1,440.11	MOSES MITCHELL HEIRS	SOUTH MILLS	165 BUNKER HILL RD
R	01-7989-04-60-1954.0000	8	994.00	CHRISTINE RIDDICK	SOUTH MILLS	105 BLOODFIELD RD
R	03-8899-00-37-0046.0000	8	142.92	ELIZABETH LONG	SHILOH	HIBISCUS
R	01-7989-00-01-1714.0000	7	8,446.62	CHARLES MILLER HEIRS	SOUTH MILLS	HORSESHOE RD
R	01-7080-00-62-1977.0000	7	3,069.01	SANDERS CROSSING OF CAMDEN CO	SOUTH MILLS	117 OTTERS PL
R	02-8934-04-71-8470.0000	7	2,353.19	JAMES MILTON JONES ETAL	CAMDEN	267 COUNTRY CLUB RD
R	01-7988-00-91-0179.0001	7	1,610.12	THOMAS L. BROTHERS HEIRS	SOUTH MILLS	
R	02-8935-01-19-4055.0000	7	1,042.59	ANDERSON CARTWRIGHT SR.	CAMDEN	271 SLEEPY HOLLOW RD
R	01-7988-00-14-1370.0000	7	729.69	ISAAC COSTON	SOUTH MILLS	NORTH SIDE RD
R	02-8935-03-40-3652.1000	7	684.74	HOWARD DAVENPORT	CAMDEN	117 GUMBERRY RD
R	03-8962-00-50-0273.0000	7	666.82	DAISEY WILLIAMS BURNHAM	SHILOH	RAYMONS CREEK RD
R	01-7998-00-57-2800.1000	7	427.45	TINA RENEE LEARY	SOUTH MILLS	111 LINTON RD
R	02-8934-03-20-7985.0000	6	2,686.30	RUTH ANN BURGESS ETAL	CAMDEN	CHANTILLY RD
R	01-7989-04-60-1568.0000	6	826.56	EMMA BRITE HEIRS	SOUTH MILLS	116 BLOODFIELD RD
R	03-8971-00-12-0477.0000	5	14,784.05	GILBERT WAYNE OVERTON &	SHILOH	187 THOMAS POINT RD
R	02-8945-00-54-1099.0000	5	4,568.58	GERTIE LEE & JONOLA T ROUNTREE	CAMDEN	263 BELCROSS RD

Roll	Parcel Number	Unpaid Amount	YrsDlq	Taxpayer Name	City	Property Address
P	0001709	1,305.72	5	JOHN MATTHEW CARTE	CAMDEN	158 HWY
P	0000738	1,153.67	3	LESLIE ETHERIDGE JR	CAMDEN	431 158 US W
P	0001046	1,042.68	9	THIEN VAN NGUYEN	SHILOH	133 EDGEWATER DR
P	0001072	836.89	9	PAM BUNDY	SHILOH	105 AARON DR
P	0001538	743.15	6	JEFFREY EDWIN DAVIS	HERTFORD	MIC MAC TRAIL
P	0001739	655.07	3	COAST TO COAST POWDER COATING	CAMDEN	330 158 HWY E
P	0000956	602.20	9	HUNG PHI LE	SHILOH	103 EDGEWATER DR
P	0001546	578.67	3	GEORGE ROWLAND	CAMDEN	431 158 US W
P	0001883	518.36	3	DUNG LE TRAN	SHILOH	255 SAILBOAT ROAD
P	0001827	483.28	2	KAREN BUNDY	CAMDEN	431 158 US W
P	0000352	443.65	8	ROBERT F. NERNEY	ELIZABETH CITY	107 SMALL DRIVE
P	0001230	411.11	2	JAMES NYE	SOUTH MILLS	101 ROBIN CT W
P	0001116	409.86	3	AL JORDAN	CAMDEN	390 158 HWY W
P	0000248	351.04	9	ROBERT H. OWENS	CAMDEN	363 # 15
P	0001905	340.08	3	AAR CORPORATION ETAL	SOUTH MILLS	211 FLYING TIGER RD
P	0001227	322.05	8	THUAN NGOC TRAN	SHILOH	257 SAILBOAT RD
P	0000846	296.69	2	TOAN TRINH	SHILOH	229 SAILBOAT RD
P	0001695	292.68	2	GARY STEWART ELKINS	CAMDEN	150 158 HWY W
P	0000295	272.77	1	HENDERSON AUDIOMETRICS, INC.	CAMDEN	330 158 HWY E
P	0000256	270.00	7	JAMES E. NASH	SOUTH MILLS	1097 343 HWY N
P	0001672	268.26	4	DAVE SILVA	CAMDEN	390 158 HWY
P	0001693	261.90	5	ALLIANCE NISSAN	CAMDEN	158 HWY W
P	0001952	238.91	2	SANDY BOTTOM MATERIALS, INC	SOUTH MILLS	319 PONDEROSA RD
P	0000421	227.73	3	CLARENCE MUNDEN	CAMDEN	
P	0000010	220.89	7	SPRINT NEXTEL CORPORATION	OVERLAND PARK	
P	0001220	219.05	9	KIMBERLY DIANE JOHNSON	SOUTH MILLS	172 KEETER BARN RD
P	0001106	217.72	7	JAMI ELIZABETH VANHORN	SOUTH MILLS	617 MAIN ST
P	0001250	185.18	4	MICHELE LEE TAYLOR	SOUTH MILLS	108 BINGHAM RD
P	0001909	182.40	3	KYLE CALVIN MARTINEAU		256 GARRINGTON ISLAND
P	0000297	177.42	1	ADAM D. & TRACY J.W. JONES	SHAWBORO	114 GARRINGTON ISLAND

Roll	Parcel Number	YrsDlq	Unpaid Amount	Taxpayer Name	City	Property Address
P	0000738	10	1,153.67	LESLIE ETHERIDGE JR	CAMDEN	
P	0001072	10	836.89	PAM BUNDY	SHILOH	105 AARON DR
P	0000956	10	602.20	HUNG PHI LE	SHILOH	103 EDGEWATER DR
P	0000248	10	351.04	ROBERT H. OWENS	CAMDEN	363 # 15
P	0000053	10	141.73	BOBBY W. CARSON	ELIZABETH CITY	1805 RIVERSHORE DRIVE
P	0000699	10	129.90	TRIEU M. VO	SHILOH	223 SAILBOAT RD
P	0001046	9	1,042.68	THIEN VAN NGUYEN	SHILOH	133 EDGEWATER DR
P	0001220	9	219.05	KIMBERLY DIANE JOHNSON	SOUTH MILLS	172 KEETER BARN RD
P	0000837	9	139.42	DUC MINH LE		
P	0000316	9	122.12	JAMES P. JONES	CAMDEN	142 SANDHILLS RD
P	0000352	8	443.65	ROBERT F. NERNEY	ELIZABETH CITY	107 SMALL DRIVE
P	0001227	8	322.05	THUAN NGOC TRAN	SHILOH	257 SAILBOAT RD
P	0001106	8	217.72	JAMI ELIZABETH VANHORN	SOUTH MILLS	617 MAIN ST
P	0000256	7	270.00	JAMES E. NASH	SOUTH MILLS	1097 343 HWY N
P	0000010	7	220.89	SPRINT NEXTEL CORPORATION	OVERLAND PARK	
P	0001538	6	743.15	JEFFREY EDWIN DAVIS	HERTFORD	MIC MAC TRAIL
P	0001545	6	160.66	LOUIS RUGGERI	ELIZABETH CITY	CAMDEN CAUSEWAY
P	0001540	6	120.95	DAVID LUKE	ELIZABETH CITY	CAMDEN CAUSEWAY
P	0001709	5	1,305.72	JOHN MATTHEW CARTE	CAMDEN	158 HWY
P	0001672	5	268.26	DAVE SILVA	CAMDEN	158 HWY
P	0001693	5	261.90	ALLIANCE NISSAN	CAMDEN	158 HWY W
P	0001673	5	177.05	THOMAS PHILLIP WINSLOW	CAMDEN	158 HWY W
P	0001827	4	483.28	KAREN BUNDY	CAMDEN	431 158 US W
P	0001250	4	185.18	MICHELE LEE TAYLOR	SOUTH MILLS	108 BINGHAM RD
P	0001739	3	655.07	COAST TO COAST POWDER COATING	CAMDEN	330 158 HWY E
P	0001546	3	578.67	GEORGE ROWLAND	CAMDEN	431 158 US W
P	0001883	3	518.36	DUNG LE TRAN	SHILOH	255 SAILBOAT ROAD
P	0001116	3	409.86	AL JORDAN	CAMDEN	390 158 HWY W
P	0001905	3	340.08	AAR CORPORATION ETAL	SOUTH MILLS	211 FLYING TIGER RD
P	0000421	3	227.73	CLARENCE MUNDEN	CAMDEN	

**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 5.B

Old Business

Meeting Date: January 5, 2015
Attachments: 6 (19 Pages)
Submitted By: Michael Renshaw, County
Manager

ITEM TITLE: Proposal for Legislative Issues Consultant Services

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

SUMMARY:

The County Manager met with the principals of McClees Consulting, Inc. for the purpose of hearing a presentation on the State legislative consulting services which the firm provides. McClees Consulting proposes to track and monitor all State bills that are introduced, the budget process, and any other legislative issues that could have an impact upon Camden County and the region.

McClees maintains a presence in Raleigh when the General Assembly is in session. McClees communicates with its clients via telephone and email while the General Assembly is in session, and includes weekly reports and more frequent communication whenever necessary.

As examples of the firm's effectiveness, McClees stated that during the 2013 legislative session, the firm saved Camden County several thousands of dollars by its success in revising a court bill to protect local child support enforcement offices from bearing additional mandated costs (HB 343, Courts/Procedure & Fee Amendments). During the 2014 Legislative Session, McClees Consulting was directly responsible for assisting in the reorganization of Small School Supplemental Funding in which the Small County Allotment was increased for 2014-2015. The firm also represented

Beaufort, Hyde, and Pamlico County's in successfully blocking tolls on ferry operations. A list of additional legislative accomplishments is included in this packet for review and consideration.

The County Manager has contacted current McLees Consulting client representatives in Pamlico, Beaufort, and Currituck Counties and received very positive comments regarding the professionalism and effectiveness of the firm in representing their client's legislative interests.

McClees Consulting, Inc. provides these legislative consulting services for an annual contract fee. McClees proposes to offer these services to Camden County for the annual cost of \$15,000. This fee is payable in three equal payments of \$5,000. This fee includes all in-state expenses, however all out-of-state expenses incurred at the direction of the Board of Commissioners would require additional reimbursement by the County.

RECOMMENDATION:

The County Manager recommends that the Board of Commissioners approve the attached Contract and Agreement for Services by Independent Contractor to McLees Consulting, Inc. for the provision of legislative consulting services.

STATE OF NORTH CAROLINA
COUNTY OF CAMDEN

**CONTRACT AND AGREEMENT
FOR SERVICES BY
INDEPENDENT CONTRACTOR**

THIS CONTRACT AND AGREEMENT for services by an independent contractor (herein referred to as the "Contract") is made and entered into this _____ day of _____, 201__, by and between CAMDEN COUNTY, NORTH CAROLINA, a body politic (herein "Client") and McCLEES CONSULTING, INC., of Pamlico County, NC (herein "Consultant").

BACKGROUND

Client is a duly organized county of the State of North Carolina, and having as its principal address: 330 East Highway 158, PO Box 190, Camden, NC 27921.

Consultant is a corporation, incorporated and operating under the laws of North Carolina, and having as its principal address: 45 White Farm Road, PO Box 430, Oriental, NC 28571.

Client is in need of the expertise and services of Consultant to lobby on behalf of Client. Consultant has experience in lobbying, is familiar with the goals of Client, is familiar with coastal and eastern North Carolina issues, and has skills, knowledge, abilities, and experience to benefit Client.

The parties desire to enter into this lobbying agreement.

THEREFORE, in consideration of the premises and of the agreements, stipulations, and covenants herein contained, and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. **Consultation.**

(a) Client hereby engages Consultant to render lobbying services and Consultant agrees to provide such services upon the terms and conditions of this Contract.

(b) Consultant is being retained because of the personal skill, expertise, and experience of Joseph D. McClees. All services to be performed under this Contract shall be performed personally by

Joseph D. McClees with the assistance of S. Henri McClees, Attorney at Law, unless Client gives its prior written consent to another arrangement.

(c) Consultant shall report to Michael Renshaw, Camden County Manager.

2. **Term.** The term of the Contract shall begin on January 6, 2015 and continue through December 31, 2015.

3. **Consulting Fees.** Client shall pay to Consultant fees for services as follows:

(a) The sum of Fifteen Thousand Dollars (\$15,000.00) for lobbying services, payable in three equal payments of Five Thousand Dollars (\$5,000.00) per payment, payable upon execution in January 2015 and then on or before the first days of February, and March, 2015; and, further,

(b) Client shall pay for lobbyists and principal 2015 registration fees due to the State of North Carolina, totaling Four Hundred Fifty Dollars (\$450.00), payable at the time of the execution of this Contract and in any event before January 14, 2015; and, further,

(c) Reimbursement of travel expenses for approved out of state travel, when incurred upon the specific direction of the Client, including mileage and reimbursement for actual expenses for lodging, food, and taxis, together with other approved transportation, if any.

(d) The parties agree there will be no reimbursement for in-state travel or other in-state expenses except as set forth herein or in-state expenses directed by Client to be spent for specific purposes agreed upon in advance of any such expenditure.

4. **Independent Contractor.** The parties acknowledge and agree the relationship of Consultant with Client is that of independent contractor. Except as provided in this Contract, neither party shall exercise any control over the activities and operations of the other. Neither Client nor Consultant is liable or responsible for the acts, omissions, or defaults of the other in any manner. Consultant, as well as any employees or independent contractors of Consultant, shall not be considered, under the provisions of this Contract or otherwise, to be employees of Client for any purpose whatsoever.

5. **Compliance with North Carolina lobbying and ethics laws.** The parties hereto agree to comply with all reporting, lobbying, and ethics requirements set forth in Chapter 120C “Lobbying” and Chapter 138A “State Government Ethics Act” of the NC General Statutes, specifically including NCGS §120C et seq. and §138A-1 et seq. Further, the parties hereto agree to the following:

(a) Consultant will prepare all lobbying authorizations, registrations, expense reports, and submit principal authorizations and expense reports to Client for execution and timely submission to the NC Secretary of State Lobbying Compliance Division.

(b) Client will review, sign, and submit on a timely basis all required lobbying authorizations and expense reports.

6. **Applicable Law.** The laws of North Carolina shall govern this Contract.

7. **Entire Agreement; Amendment.** This Contract supersedes all prior understandings and agreements and informal working arrangements between the parties, written and oral. This Contract may not be amended orally, but only by a writing duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Contract the day and year first written above.

COUNTY OF CAMDEN, NORTH CAROLINA

By _____

Chairman, Camden County Commissioners

This contract has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Camden Finance Officer: _____ Date: _____

McCLEES CONSULTING, INC.

By _____

Joseph D. McClees, President

Attest:

S. Henri McClees, Secretary

STATE OF NORTH CAROLINA
COUNTY OF CAMDEN

I, _____, a Notary Public in and for the said County and State, do hereby certify that _____, who is personally known to me, appeared before me as a duly authorized agent of Camden County, NC on this date and acknowledged the due execution of the foregoing contract.

WITNESS my hand and notarial seal this the ____ day of _____, 201__.

Notary Public

My commission expires:

STATE OF NORTH CAROLINA
COUNTY OF PAMLICO

I, _____, a Notary Public in and for the said County and State, do hereby certify that JOSEPH D. McCLEES, President and S. HENRI MCCLEES, Secretary of McClees Consulting, Inc., respectively, both known to me, each appeared before me this date and acknowledged the due execution of the foregoing contract.

WITNESS my hand and notarial seal this the ____ day of _____, 201__.

Notary Public

My commission expires:

MCCLEES CONSULTING, INC.

Joseph D. McClees
S. Henri McClees
POST OFFICE BOX 430
ORIENTAL, NORTH CAROLINA
28571-0430

TELEPHONE
(252) 249-1097
TELECOPIER
(252) 249-3275
www.mccleesconsulting.com

October 4, 2014

Mr. Michael Renshaw
Camden County Manager
PO Box 190
Camden, NC 27921

RE: Legislative Issues, NC General Assembly

Dear Mike:

Henri and I enjoyed our meeting with you on Friday, 10/3/14. Thanks for taking time to meet with us about Camden County's legislative interests.

To follow up on our conversation, below please find more detailed information about some of our 2014 Legislative Session accomplishments that benefitted Camden County, as well as other selected coastal counties:

1. Senate Bill 328 - Solid Waste Management Reform Act of 2013
You opposed. It never passed. Passed Senate 6/24/13; never passed out of House Environment. It was one of ten bills sitting in that Committee that died upon adjournment.
 - a. Related issue was 2013 passage of House Bill 74/S.L. 2013-413, which maintained current landfill setback requirements, which prevented issuance of permit for the landfill.
 - b. We spoke with House Environment Co-Chairmen Roger West¹ and Pat McElraft². Roger West observed the bill had extensive problems. We spoke with Rep. McElraft at length, explaining the difficulties the bill would create.

¹ Rep. Roger West (R) represents District 120 which includes Cherokee, Clay, Graham, & Macon counties.

² Rep. Pat McElraft (R) represents District 13 which includes Carteret & Jones counties.

2. House Bill 769 - Zoning/Limit Manufactured Home Restrictions. You opposed this bill. It never passed. Passed House 4/30/13; passed Senate State & Local Gov't Committee. Re-referred to Senate Commerce on 6/17/14 and has not moved. There were 34 bills that sat in Senate Commerce that died upon adjournment, including 8 bills from the House and 25 Senate bills. When we spoke with Senator Rick Gunn³, Chairman of Senate Commerce, he agreed the bill had problems. We asked him not to move the bill, and he agreed. The bill did not move. We checked back with him, several times. He observed negative comments continued to flow in about the bill, and there was no chance it would move.

3. Senate Bill 76 - Hydraulic Fracturing (Fracking) SL 2013-365
 - a. Related 2014 legislation: Senate Bill 786/SL 2014-4 Energy Modernization Act prohibits subsurface injection of waste in Section 15.(a) of the bill on page 16. This language is now found in NCGS §113-395.2.
 - b. We spoke with the bill sponsors of SB 786, including Buck Newton⁴ and Brent Jackson⁵ to **ensure a prohibition against injection of waste was added to the bill.** They added the prohibition language in a committee substitute at the first committee hearing on the bill, which was held in Senate Commerce on 5/20/14.

4. House Bill 150 - Zoning/Design & Aesthetic Controls. You opposed. Passed House on 3/20/13. We opposed this bill in the Senate. We made enough noise that the bill has spent most of its time in Senate Rules. It went to Senate Commerce once where a Committee Substitute passed, but never gained enough support to overcome the strong opposition that many counties continued to voice. It went back to Senate Rules, one of 309 bills which died there upon adjournment.

5. No ferry tax. No ferry tolls were imposed on the Knotts Island Ferry, Ocracoke/Hatteras, or other untolled ferries. The House passed House Bill 1234 (Senate Bill 792⁶ was the companion bill), which would remove all ferry tolls, while providing authority to generate receipts from advertising,

³ Sen. Rick Gunn (R) represents District 24, which includes Alamance & Randolph counties.

⁴ Sen. Buck Newton (R) represents District 11, which includes Johnston, Nash, & Wilson.

⁵ Sen. Brent Jackson (R) represents District 10, which includes Duplin, Johnston, & Sampson.

⁶ Sen. Bill Cook (R) District 1 sponsored SB792 with Senator Norman Sanderson (R) District 2.

sponsorships, concessions, & other receipt-generating activities. We have convinced the House that NC does not need to impose a ferry tax on its coastal citizens. The Senate did not act on the bill. Senator Bill Rabon⁷, Co-Chair of Senate Transportation, flatly refused to discuss it in budget negotiations.

- a. In the meanwhile, we have won several significant transportation champions, who view the ferries as part of a larger vision for economic development and marketing coastal NC. For example, Rep. John Torbett⁸ wants to revisit the Northeast this fall as part of a coastal trip to investigate transportation and economic development issues.
 - b. Because no legislation was passed to toll or change the existing legislation, we continue under the prior budget language. There can be no tolls imposed unless the local RPO, MPO or other comparable transportation authority requests such a toll.
 - c. The House transportation leadership wants to continue to explore with NC DOT the underlying issues in January 2015 to find ways to improve the transportation infrastructure in coastal and eastern NC without imposing tolls on citizens. This includes Rep. John Torbett, Rep. Charles Jeter⁹, Rep. Frank Iler¹⁰, and others.
6. As in past years, the NC General Assembly appropriated \$100 million in lottery funds to the Public School Building Capital Fund. The specific provision may be found on page 8 of Senate Bill 744/S.L. 2014-100 in Section 5.2.(a).
 7. With respect to the Governor's proposal to shift worker compensation burden for State funded teaching positions to local boards of education, the General Assembly took a different approach. On page 41 of Senate Bill 744/S.L. 2014-100, in Section 8.26, NCGS §115C-12 has been amended by adding a new subdivision to read as follows:

"(43) To Ensure that Local Boards of Education Implement Injury Prevention and Return-to-Work Programs. – The State Board of Education shall develop policies and procedures to ensure that local boards of education implement and comply with loss prevention and return-to-work programs based on models adopted by the State

⁷ Sen. Bill Rabon (R) represents District 8, which includes Bladen, Brunswick, New Hanover, & Pender counties. His district includes a ferry in Southport, which transports tourists to historic Fort Fisher. He claims his constituents are in favor of higher ferry tolls.

⁸ Rep. John A. Torbett (R) represents District 108, which includes Gaston County.

⁹ Rep. Charles Jeter (R) represents District 92, which includes Mecklenburg County.

¹⁰ Rep. Frank Iler (R), represents District 17, which includes Brunswick County.

Board. These models shall be designed to reduce the number of injuries resulting in workers' compensation claims and ensure injured employees with workers' compensation claims return to work in accordance with current State Board of Education policy."

8. With respect to the local confinement issue facilities for all misdemeanants, this issue is addressed on page 155 of Senate Bill 744/S.L. 2014-100. The new language provides that all imprisonment for misdemeanors, which would include special probationary periods of confinement and impaired driving confinement, shall be in a designated local confinement or treatment facility. There are no time limits on these sentences. The NC Sheriffs' Association supported this budget provision, or at least reported that the funds were available to support the new county jail inmates. The Sheriffs' support gave momentum to the budget writers, who had already looked at county fund balances across the State.
9. Removal of local governments' ability to enact tree ordinance protective measure did not pass. House Bill 1191 was filed and sent to House Agriculture, but never moved. It had a serial referral to the House Government Committee. One of the bill sponsors is a Co-Chairman of House Agriculture, but he realized there was no support for his bill. Many counties had the same concern you expressed, and it was easy to stop it. He never pushed to pass it out of his own committee because it would never have moved out of House Government. The bill died upon adjournment.
10. The phasing down of Medicare benefits for counties who do not come out ahead by at least \$500,000 in the Medicaid swap was included in both the Senate and House budgets and was never in contention between the chambers. The specific phase down provisions are included in the budget and may be found on pages 256-258 of Senate Bill 744/Session Law 2014-100, Sections 37.2(a), 37.2(b), 37.2.(c), and 37.2.(d).
11. One of the significant things we did that helped Camden County is we helped reorganize the Small School Supplemental funding. Attached please find the language from S.L. 2013-360, Section 8.4, as amended by Section 3.11 of S.L. 2013-363 in which the Small County Allotment was increased for 2014-2015 (Attachment A).

I trust this material may help to inform your Commissioners of the value of having consultants in Raleigh who work for your specific interests.

We want to establish a strong presence for Camden County in the Legislature. We have developed great relationships with your Senator and Representative, and are building a coalition of legislators who are interested in the future and economic health of northeastern North Carolina.

We look forward to the possibility of working with Camden County in the 2015-2016 legislative session of the NC General Assembly to protect your specific financial interests and promote economic development in Camden County.

Best personal regards.

Very sincerely yours,

Joseph D. McClees

Attachment A:

FUNDS FOR SMALL COUNTY SCHOOL ADMINISTRATIVE UNITS

SECTION 8.4. Section 8.4 of S.L. 2013-360, as amended by Section 3.11 of S.L. 2013-363, reads as rewritten:

"SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

...
"SECTION 8.4.(d) Allotment ~~Formula~~Schedule for the 2014-2015 Fiscal Year. – Except as otherwise provided in ~~subsection~~subsections (e) and (g) of this section, for the 2014-2015 fiscal year, each eligible county school administrative unit shall receive a dollar allotment ~~equal to the product of the following:~~according to the following schedule:

- (1) ~~A per student funding factor, equal to the product of the following:~~
- a. ~~One, minus the local school administrative unit's average daily membership divided by the maximum small school system average daily membership.~~
 - b. ~~The maximum small school system dollars per student.~~
- (2) ~~The average daily membership of the eligible county school administrative unit.~~

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-600	\$ 1,710,000
601-1,300	\$ 1,820,000
1,301-1,700	\$ 1,548,700
1,701-2,000	\$ 1,600,000
2,001-2,300	\$ 1,560,000
2,301-2,600	\$ 1,470,000
2,601-2,800	\$ 1,498,000
2,801-3,200	\$ 1,548,000

"SECTION 8.4.(e) Phase-Out Provisions for the 2014-2015 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the ~~formula~~schedule in subsection (d) of this section in the 2014-2015 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2013-2014 in any fiscal year.

MCCLEES CONSULTING, INC.

Joseph Daniels McClees

POST OFFICE BOX 430
ORIENTAL, NORTH CAROLINA
28571-0430

TELEPHONE

(252) 249-1097

TELECOPIER

(252) 249-3275

jdm@mccleesconsulting.com

www.mccleesconsulting.com

Joseph Daniels McClees

Professional

1987 to present:

President & CEO of McClees Consulting, Inc., providing business consulting, economic development, and lobbying services to clients in North Carolina, South Carolina, Tennessee, Virginia, other states, and Washington, D.C.;

McClees Consulting, Inc. offers state & federal lobbying services; creates trade groups to enhance legislative & business agendas of specific business interests; provides lobbying & political consulting for municipal & county issues.

For list of clients, see www.mccleesconsulting.com.

Member of the NC Professional Lobbyists Association, Inc.

7/1/1998: S. Henri McClees, Attorney at Law, joined the lobbying and consulting firm.

1986 - 1987

Executive Director of the NC Fisheries Association, Inc., a commercial fishing and seafood dealer trade association in North Carolina. This position included lobbying, fund raising, and management of the Association.

1976 - 1986

Employed by State of NC in various positions, including Coastal Ambassador; Special Assistant to the Secretary of Natural Resources & Community Development; and Economic Development Officer for the NC Division of Marine Fisheries. The positions of Coastal Ambassador and Special Assistant to the Secretary included the handling of politically sensitive projects for the Secretary.

As Economic Development Officer in the NC Division of Marine Fisheries, undertook & completed the first economic survey of

the commercial fishing industry in NC; created economic development shop with the Division to promote the NC commercial seafood industry; promoted & facilitated construction & development of 34 seafood processing operations in coastal NC employing hundreds of local citizens; and, developed new markets for seafood products nationally & internationally.

1967 - 1976

Employed as teacher and administrator in NC public schools, employed as teacher in private school in Richmond, Virginia; self-employed as farmer in Oriental, NC; and, self-employed as small business owner in NC.

Educational

Educated in the NC public schools; 1967 Bachelor of Arts degree from Atlantic Christian College, Wilson, NC, now Barton College; graduate courses at East Carolina University, Greenville, NC.

Personal

Born in Oriental, NC on February 12, 1945.

1980 to present: Married to Susan Henri McClees, formerly Johnson, of Greenville, NC. S. Henri McClees is a licensed attorney, now employed with McClees Consulting, Inc. From 1979 to 1998, she was engaged in the private practice of law in New Bern, NC.

Religious and civic affiliations

Religious: All Saints Anglican Church; Christian evangelistic short-term missions to Philippine Islands, India, Singapore, Malaysia, Kenya, Uganda, & other nations; assists missionaries, pastors, & laypersons in third world countries through McClees Evangelistic Association, Inc.

Civic

Formed and maintains the NC Fisheries Development Foundation, Inc., a 501(c)(3) non-profit organization working since 1989 to help unemployed and underemployed commercial fishermen obtain job training and startup aide to build careers in mariculture.

Hobbies

Wing shooting, hunting; farming, with emphasis on habitat restoration; beekeeper; small orchard pecan grower.

SUSAN HENRI MCCLEES
ATTORNEY AND COUNSELLOR AT LAW
POST OFFICE BOX 430
ORIENTAL, NORTH CAROLINA
28571-0430

TELEPHONE
(252) 249-1097
TELECOPIER
(252) 249-3275
henri@mccleesconsulting.com

CURRICULUM VITAE

PROFESSIONAL

July 1, 1998 to present: Vice President of McClees Consulting, Inc. This lobbying and consulting work includes serving clients as a registered lobbyist in the NC General Assembly and lobbying for clients before counties and municipalities on local issues.

Lobbying includes advocacy for client issues in the NC General Assembly.

Serve as attorney for the NC Pumper Group, NC Portable Toilet Group, and NC Sporting Dog Association, Inc., all of which are clients of McClees Consulting, Inc. This representation includes work with local boards, county commissions, and state agencies regarding regulatory issues affecting our clients.

After more than twenty (20) years of litigation work, I stopped accepting new litigation clients on July 1, 1998. I phased out my trial practice, and completed all pending work by 2000.

Engaged in the general private practice of law from 1979 to 1998, with offices in New Bern and Oriental, NC.

Admitted to practice before the United States District Court, Eastern District of North Carolina.

Served as an Assistant District Attorney for the Third Judicial District of NC, comprising Pitt, Craven, Pamlico, and Carteret counties, from 1977 to 1979.

Admitted to the practice of law and continuously licensed in North Carolina since 1977.

Received degree of Juris Doctor from the University of North Carolina at Chapel Hill in 1977.

Received degree of Bachelor of Science degree with major in English within the School of Education from University of North Carolina at Chapel Hill in 1971.

Inducted in Phi Beta Kappa in 1971, NC Alpha Chapter at the University of North Carolina at Chapel Hill.

Member of the following: NC State Bar; NC Professional Lobbyists Association, NC Bar Association, NC Association of Women Attorneys.

Served on Nominations Committee of the NC Association of Women Attorneys.

Served as Secretary of the Craven County Bar Association.

Description of practice: Legal practice included, but was not limited to, civil and criminal state court litigation, including Superior & District Court criminal trials.

General practice included contracts, personal injury, wills, estates, and other civil matters.

Litigation clients up to July 1, 1998 included private clients in civil and criminal matters together with contract representation of the New Bern Child Support Enforcement Office, the Pamlico Child Support Enforcement Office, and the Carteret County Child Support Enforcement Office.

Civil litigation included environmental litigation on behalf of the NC Coastal Federation, Inc., an environmental advocacy group and the NC Fisheries Association, Inc., a trade group for commercial seafood dealers.

In conjunction with these two groups, Joe McClees and Henri McClees (then Johnson) formulated strategy and coordinated combined efforts of several environmental groups and commercial fishing interests to defeat proposed destruction of peat bogs in Hyde County, NC and prevail in several other protracted environmental disputes. I coordinated efforts of several law firms contributing pro bono representation to various ongoing regulatory and litigation efforts affecting coastal environment.

CIVIC ACTIVITIES AND PRE-LEGAL EMPLOYMENT

Named an Outstanding Young Woman of America in 1979 and 1980.

Served as public relations assistant for the National Symphony Orchestra in Washington, D.C. in 1972-1973; Acting Public Relations Director in 1973; 1973-1975, served as Director of Public Relations for the North Carolina Symphony.

Served as member of Board of Directors of the New Bern Chamber Music Society of New Bern, Inc. from 1984 to 1985.

Served as a member of Board of Directors of Hospice of

Pamlico County, Inc. from 1984 to 1986.

Served as a member of Board of Trustees of the Oriental United Methodist Church, in Oriental, NC from 1984 to 1985.

EDUCATION

Educated in the public schools of NC; attended J.H. Rose High School in Greenville 1963-1965; attended Laurinburg High School 1965-1967; graduated from Laurinburg High School in 1967.

Undergraduate education: attended St. Andrews Presbyterian College, 1967 to 1969; received degree of Bachelor of Science from University of North Carolina at Chapel Hill on 1971, School of Education, major in English literature.

Graduate education: 1977 received degree of Juris Doctor from School of Law, University of North Carolina at Chapel Hill.

PERSONAL

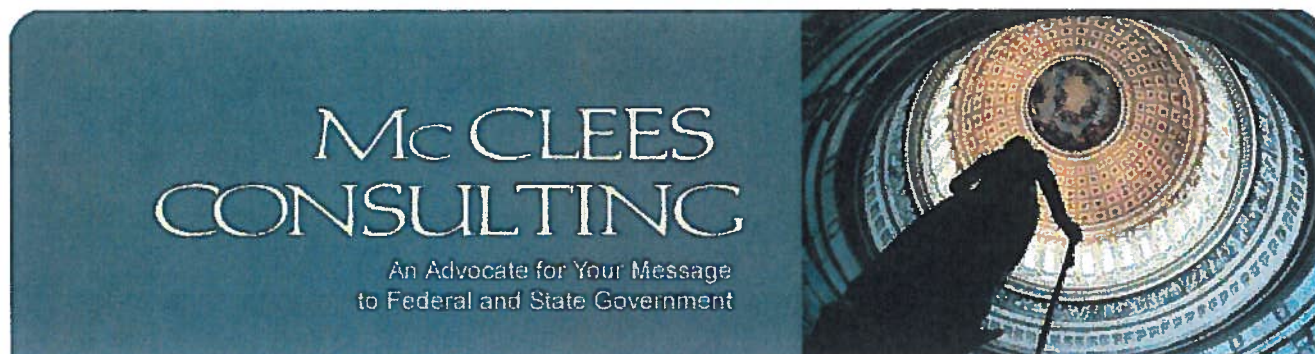
Born in Greenville, NC on March 2, 1949.

Married to Joseph Daniels McClees on December 20, 1980.

No children.

Member of All Saints Anglican Church in Newport, NC.

Hobbies: writing, international travel, and gardening.



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News & Events

NC General Assembly convenes May 14, 2014.

[View Legislative Links](#)

Joe McClees, President of McClees Consulting, provides lobbying and business consulting services in the US Congress and state legislatures. A native North Carolinian, Joe McClees is equally at ease in the legislatures of the southern states, the halls of the US Congress, and the Pacific Rim.

Successful business development always includes political components. Joe McClees provides his clients with intimate knowledge of politics and understanding of governmental affairs.

Lobbying

A new leadership has made the 2013 NC General Assembly an exciting place to work. Legislative victories protected the rights of small businesses, including portable sanitation businesses in North Carolina. Hunters worked with landowners to craft a bill entitled "Landowners Protection Act" to protect landowners and hunters.

Legislative victories made 2009 through 2012 won protections for small businesses in North Carolina. Damage control agents, pumpers, portable sanitation specialists, and dog breeders all benefited from the hard work & lobbying expertise of Joe McClees.

HISTORICAL ACCOMPLISHMENT: For the first time ever, a veto by the Governor of North Carolina was overridden. McClees Consulting had the tenacity to fight 219 years of history-- and prevailed.

With Joe McClees fighting the machinery of the Governor of North Carolina and the State Highway Patrol, Gov. Mike Easley's veto was overridden on August 27, 2008.

With more than 30 years involvement in government and politics, Joe McClees is accustomed to controversy. Joe McClees has spearheaded legislative changes in a wide array of issues. He brings a creative approach to protecting the interests of his clients.

Joe McClees has a powerful ally in his attorney wife, Henri McClees. They work together to advance the legislative agendas of their clients.

Trade Groups & Associations

Trade groups protect the business interests of their members. Associations allow small businesses with common interests to work together for their mutual benefit. McClees Consulting provides administrative, lobbying, and consulting services to trade groups.

Joe McClees formed all of the significant trade groups in the wastewater treatment industry in North Carolina, including the NC Septic Tank Association, the NC Pumper Group, and the NC Portable Toilet Group.

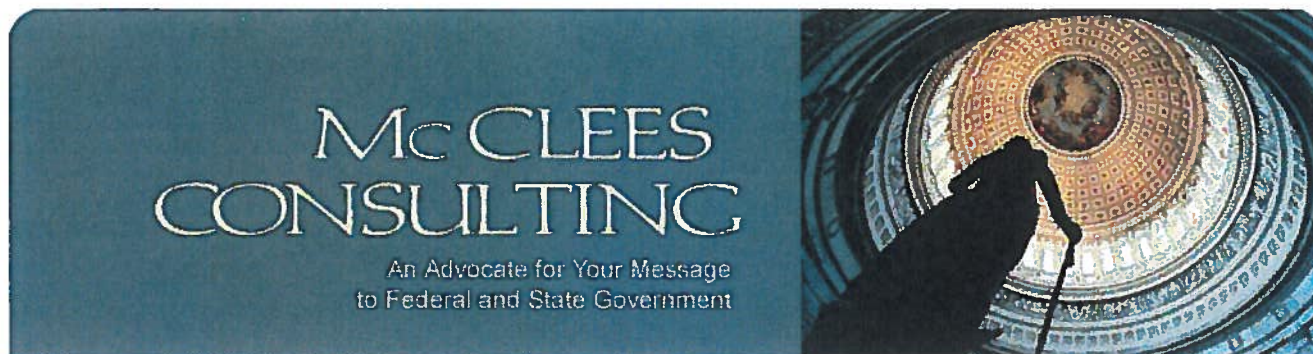
Joe McClees knows the power of individual people uniting to protect their rights. He has helped workers raise their professional status. He won professional certification for industrial hygienists and safety engineers.

Advocacy

Advocacy at McClees Consulting extends to Joe's life long love of hunting and Henri's passion for the Second Amendment. They currently represent Second Amendment, hunting, and sporting interests including the NC Firearms Dealers Group and the NC Sporting Dog Association, Inc. They have won many battles for the National Rifle Association (NRA-ILA) and its North Carolina affiliate, the NC Rifle & Pistol Association, Inc.

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News & Events

NC General
Assembly convenes
May 14, 2014.

[View
Legislative Links](#)

McClees Consulting Clients

Following is a representative list of past and present legislative and business consulting clients of McClees Consulting, Inc.:

[ACS State & Local Solutions, Inc.](#)
[American Farmers of the Sea, Inc.](#)
[American Society of Safety Engineers](#)
[American Watercraft Association, Inc.](#)
[Bayou State Dog Hunters Association, Inc.](#)
[Bear Grass Educational Foundation, Inc.](#)
[Beaufort County, NC](#)
[CGI Technologies & Solutions, Inc.](#)
[Conwood, LP](#)
[Currituck County, NC](#)
[Environmental Professionals Association, Inc.](#)
[Fisheries Development Foundation of North Carolina, Inc.](#)
[Fountain Powerboats, Inc.](#)
[GEO Group, Inc.](#)
[Good Neighbors Association of NC, Inc.](#)
[Hyde County, NC](#)
[Independent Lenders Group](#)
[Infiltrator Systems, Inc.](#)
[Infinity Business Group, Inc.](#)
[Lake Gaston Association, Inc.](#)
[Land Management Group](#)
[Law Enforcement Alliance of America](#)
[Law Enforcement Legislative Committee of NC, Inc.](#)
[Louisiana Sportsmen Alliance](#)
[Mississippi Hunting Dog Association, Inc.](#)
[National Rifle Association \(NRA-ILA\)](#)
[NC Agribusiness Council, Inc.](#)
[NC Burley Warehousemen](#)
[NC Check Cashers Association](#)
[NC Coalition for the Privatization of Wastewater Evaluation](#)
[NC Coin Dealers Group](#)
[NC Federation of Dog Clubs, Inc.](#)
[NC Firearms Dealers Group](#)
[NC Fisheries Association, Inc.](#)
[NC Growers Association, Inc.](#)
[NC Industrial Hygiene Council](#)
[NC Portable Toilet Group](#)
[NC Primitive Weapon and Black Powder Hunters](#)
[NC Public School Bus Drivers Association, Inc.](#)
[NC Pumper Group](#)
[NC Rifle & Pistol Association, Inc.](#)

NC Self Storage Association, Inc.
NC Septic Tank Association, Inc.
NC Sporting Dog Association, Inc.
NC Technological Development Authority
NC Wildlife Preserve Association
Pamlico County, NC
Personal Watercraft Industry Association, Inc.
Phil Hodges
Phoenix Care Systems, Inc.
Portable Sanitation Association International, Inc.
Premier Tech Environmental
Professional Firefighters & Paramedics of NC
Quanics, Inc.
Riverplace IV, LLC
Small Hydro Group
Smokeless Tobacco Council, Inc.
StormTech
Swedish Match North America, Inc.
Swisher International, Inc.
Trade Oil Company
Wildlife Control Professionals of North Carolina, Inc.
Willowglen Academy SC, Inc.
Winston-Salem Professional Firefighters Association
Zabel Environmental Technologies, Inc.

For a current list of lobbying clients in North Carolina, visit the website of the NC Secretary of State, Lobbying Registration Division.

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**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 6.A

Board Appointment

Meeting Date: January 5th, 2015

Attachments: 1 (1 Page)

**Submitted By: Donna Stewart, Visitors Center
Director**

ITEM TITLE: Tourism Development Authority

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

SUMMARY:

Georgia Lamb has been a member of the TDA since January 2013. Her appointment will expire January 21st, 2015.

RECOMMENDATION:

Review and make a motion to reappoint Georgia Lamb to the TDA for a (2) year term expiring January 4th, 2017.

CAMDEN COUNTY TDA MEMBERS 2015**Chair**

Ms. Donna Stewart, Director **Term expires 6/2016**
 Dismal Swamp Canal Welcome Center
 2356 US 17 N
 South Mills, NC 27976
dstewart@camdencountync.gov
 phone: 252-771-8333

Supt. Adam Carver **Term expires 6/2016**
 Dismal Swamp State Park
 2294 US 17 N
 South Mills, NC 27976
joy.greenwood@ncdenr.gov
 phone: 252-771-6593

Mike Renshaw **ex-officio**
 Camden County Manager
 PO Box 190
 Camden, NC 27921
mrenshaw@camdencountync.gov
 phone: 252-338-1919 ext. 222

Georgia Lamb **Term expires 1/2015** renew
 Lamb's Marina
 123 Upton Rd.
 Camden, NC 27921
 Phone:252-202-0377 /338-1957

Sandra Jones (Interim) **ex-officio**
 Finance Office
 PO Box 190
 Camden, NC 27921
sjones@camdencountync.gov
 phone: 252-338-1919 ext. 222

Beverly Bengies **Term expires 11/2016**
 North River Campground
 256 Garrington Island Rd.
 Shawboro, NC 27973
je.sawyer@hotmail.com
 phone: 252-336-4414

Ms. Charlotte Underwood, Director **Term expires 6/2016**
 Elizabeth City Area Convention and Visitor's Bureau
 400 S. Water St., Suite 101
 Elizabeth City, NC 27909
director@discoverelizabethcity.com
 phone: 252-335-5330

Mrs. Janet Inge **Term expires 6/2016**
 Janet's Crafts, Flowers & Flea Market
 PO Box 30
 South Mills, NC 27976
 phone: 252-771-5214 no e-mail

Tom White **Term expires 12/2016**
 Commissioner at Large
 150 Billets Bridge Rd.
 Camden, NC 27921
tomwhite@camdencountync.gov
 Phone: 252-336-4744

**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 7.A

CONSENT AGENDA

Meeting Date: January 5th, 2015
Attachments: 1 (1 Page)
Submitted By: Dellie Spaulding, Tax Specialist

**ITEM TITLE: Tax Dept.
 Monthly Collection Report
 November 2014**

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

SUMMARY:

Taxes collected for ad valorem (real estate), personal business properties, vehicle, and other miscellaneous taxes. Also included are payments received via the Internet.

RECOMMENDATION:

FOR COUNTY COMMISSIONERS' APPROVAL

**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 7.B

CONSENT AGENDA

Meeting Date: January 5th, 2015
Attachments: 1 (4 Page)
Submitted By: Dellie Spaulding, Tax Specialist

**ITEM TITLE: Tax Dept.
Pick-ups, Releases, & Refunds**

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

SUMMARY:

Pick-ups, Releases, & Refunds

RECOMMENDATION:

FOR COUNTY COMMISSIONERS' APPROVAL

<u>NAME</u>	<u>REASON</u>	<u>TYPE</u> <u>NO.</u>
Glen & Sheila Gordon	\$7,776.45 Roll back taxes calculated	Pick/Up/17204 R-54774-11 R-61590-12 R-68435+13 R-38320-14
Julie Ann Martin	\$106.68 Release-plate held just 30 days	Release/17202 V-67988-13
K & G Farming, Inc.	\$775.87 Release Late Lister Fee	Release/17203 P-11090-14

FROM: CAMDEN COUNTY ADMINISTRATOR OFFICE

Nº 17204

(1) REQUEST THE FOLLOWING CHANGES BE MADE

(2) EXPLANATION: () OVERCHARGED () DOUBLE LISTING

2011 -

() LATE LISTING

() OTHER Roll back taxes calculated

YEAR 2014

TOWNSHIP CH

NAME Glen + Sheila Gordon (1803)

ADDRESS 128 Billets Bridge Rd.

Camden, NC 27921

PIN # R02-8935-03-41-0023-0000

RELEASE

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					
Total _____					

PICK UP

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					
Total _____	<u>7776.45</u>			<u>7776.45</u>	<u>R54774/11</u> <u>R61590112</u> <u>R68435113</u> <u>R68320114</u>

ADJUSTMENT/REFUND

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					
Total _____					

Levi Smith
TAX ADMINISTRATOR / Specialist

APPROVED _____ DAY OF _____ 20____

CHAIRMAN OF COMMISSIONERS COUNTY MANAGER

FROM: CAMDEN COUNTY ADMINISTRATOR OFFICE

Nº 17203

(1) REQUEST THE FOLLOWING CHANGES BE MADE

(2) EXPLANATION: () OVERCHARGED () DOUBLE LISTING
 () LATE LISTING (✓) OTHER Release Late List Fee

YEAR 2014 TOWNSHIP 0003

NAME K & G Farming Inc.

ADDRESS 344 N 343

Camden, NC 27921

PIN # P0000080

RELEASE

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u> <u>Late Lister</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal <u>1,293,127</u>					
Real _____					
Total _____			<u>775.87</u>	<u>775.87</u>	<u>P11090-14</u>

PICK UP

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					
Total _____					

ADJUSTMENT/REFUND

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					
Total _____					

Jessica B. Hallop
 TAX ADMINISTRATOR Specialist

APPROVED _____ DAY OF _____ 20____

CHAIRMAN OF COMMISSIONERS COUNTY MANAGER



FROM: CAMDEN COUNTY ADMINISTRATOR OFFICE

Nº 17202

(1) REQUEST THE FOLLOWING CHANGES BE MADE

(2) EXPLANATION: () OVERCHARGED () DOUBLE LISTING

() LATE LISTING (✓) OTHER *Didn't have plate 30 days*

YEAR 2013 TOWNSHIP CH

NAME Julie Ann Martin (43602)

ADDRESS 110 Windy Heights Dr.

Camden, NC 27921

PIN # 10043605

RELEASE

Garn

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					<u>467988</u>
Total _____	<u>45.90</u>	<u>.78</u>	<u>60.00</u>	<u>106.68</u>	46668

PICK UP

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					
Total _____					

ADJUSTMENT/REFUND

<u>PROPERTY VALUE</u>	<u>COUNTY</u>	<u>FIRE</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>BILL #</u>
Personal _____					
Real _____					
Total _____					

Leri Smith
 TAX ADMINISTRATOR / *Specialist*

APPROVED _____ DAY OF _____ 20____

CHAIRMAN OF COMMISSIONERS / COUNTY MANAGER

**Camden County Board of Commissioners
AGENDA ITEM SUMMARY SHEET**

Item Number: 11

INFORMATION

Meeting Date: January 5th, 2015
Attachments: (214 Pages)
Submitted By: Various Agency Personnel

ITEM TITLE: Information

MOTION MADE BY:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
NO MOTION	
VOTE:	
S. Duckwall	
G. Meiggs	
M. McLain	
C. Riggs	
T. White	
ABSENT	
RECUSED	

SUMMARY:

- A. Sheriff – November Monthly Report(Pg. 58)
- B. Register of Deeds Monthly Report (Pgs. 59-60)
- C. ECBH – November Financial Report (Pgs. 61-64)
- D. ECBH – Finance Committee December 2014 Board Packet (Pgs. 65-75)
- E. ECBH – Board of Directors December 2014 Board Packet (Pgs. 76-90)
- F. ECBH – Year End Financial Statements (Pgs. 91-242)
- G. Economic Investment Committee – 2015 Meeting Schedule (Pg. 243)
- H. Levelized Cost of Energy (Pgs. 244-264)
- I. SEWC NC Wind Energy Fact Sheet (Pgs. 265-267)
- J. NC Rural Infrastructure Authority Approves Eighth Round of Grants..... (Pgs. 268-271)

RECOMMENDATION:

INFORMATION ONLY

Camden County Sheriff's Office Monthly Stats November-14 Sheriff Tony Perry

Date		Property Crimes	Breaking & Entering	Larceny	Crimes Against Persons	Animal Control Calls	Assaults	Mental Commit.	Drug Arrests
Current:	14-Nov	2	0	4	9	51	0	3	1
Last Month:	14-Oct	1	1	4	6	45	1	3	2
Last Year:	13-Nov	4	5	9	4	38	1	4	4
Traffic Offense	Other Arrest	Juvenile Arrest	Total Arrest	Reports	Papers Served	Armed Robbery	Calls Answered	Building Checks	Avg. Jail Population
65	8	0	74	109	153	0	831	253	
43	18	0	63	94	107	0	796	283	7
88	12	0	104	152	72	0	1060	543	0

Calls Answered:	831
Average:	27.7

Calls for Service 2014:	9159
Calls for Service 2013:	12335
Calls for Service 2012:	11853

Trainings

NONE

Account Balance Report
From 12/1/2014 Through 12/31/2014

Account Number	Account Description	Cash/Check/Change	Charge	Other Pay Method	Total
01-06	State Treasurer Fund	\$465.00	\$0.00	\$0.00	\$465.00
01-07	Excise Stamps	\$4,016.00	\$0.00	\$0.00	\$4,016.00
01-09	Retirement Fund	\$47.24	\$0.00	\$0.00	\$47.24
01-10	Additional Index	\$0.00	\$0.00	\$0.00	\$0.00
01-11	Automation Fund	\$287.99	\$0.00	\$0.00	\$287.99
88-88	Credit On Account	\$0.00	\$0.00	\$0.00	\$0.00
03-01	Copies	\$84.49	\$0.00	\$0.00	\$84.49
03-02	Certified Copies	\$18.63	\$0.00	\$0.00	\$18.63
03-03	Fax	\$0.00	\$0.00	\$0.00	\$0.00
03-04	Laminations	\$0.00	\$0.00	\$0.00	\$0.00
	***** Account Group COPIES Total *****	\$103.12	\$0.00	\$0.00	\$103.12
04-01	Notary Oaths	\$35.44	\$0.00	\$0.00	\$35.44
	***** Account Group MISCELLANEOUS Total *****	\$35.44	\$0.00	\$0.00	\$35.44
01-01	Recording Fees	\$1,971.78	\$0.00	\$0.00	\$1,971.78
01-02	Non Standard Fees	\$22.16	\$0.00	\$0.00	\$22.16
01-03	Probate	\$0.00	\$0.00	\$0.00	\$0.00
01-04	Cultural Resources	\$0.00	\$0.00	\$0.00	\$0.00
01-05	Floodplain Mapping	\$0.00	\$0.00	\$0.00	\$0.00
01-08	Uccs	\$0.00	\$0.00	\$0.00	\$0.00
	***** Account Group RECORDINGS Total *****	\$1,993.94	\$0.00	\$0.00	\$1,993.94
02-01	County Marriages	\$88.64	\$0.00	\$0.00	\$88.64
02-02	Domestic Violence Fund	\$120.00	\$0.00	\$0.00	\$120.00
02-03	Childrens Trust Fund	\$20.00	\$0.00	\$0.00	\$20.00
02-04	Vital Certificates	\$203.78	\$0.00	\$0.00	\$203.78
02-05	Legitimations	\$0.00	\$0.00	\$0.00	\$0.00
	***** Account Group VITALS Total *****	\$432.42	\$0.00	\$0.00	\$432.42
	Final Totals :	\$7,381.15	\$0.00	\$0.00	\$7,381.15

Account Number	Account Description	Cash/Check/Change	Charge	Other Pay Method	Total
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Counts/Totals From 12/1/2014 Through 12/31/2014

Cash Total :	\$638.60 +
Check Total :	\$6,752.55 +
Other Pay Total:	\$0.00 +
Change Total :	\$10.00 -
<hr/>	
Subtotal :	\$7,381.15
Charge Total :	\$0.00 +
<hr/>	
Grand Total :	\$7,381.15

Number of Cash Payments :	48
Number of Check Payments :	74
Number of Change Payments :	1
Number of Charge Payments :	0
Number of Other Payments :	0
<hr/>	
Number of Receipts :	121
Number of Voids :	0

Charge Information	
Open Item Information	
Number of Payments on Account :	0
Total Paid on Account :	\$0.00



For the Five Months
Ending 11/30/2014

Balance Sheet

	<u>11/30/2014</u>
Southern Bank - Operating Account	\$83,316,958.38
Southern Bank - IMS Health Ins Benefit Acct	328,676.65
Southern Bank - IMS Flex Spending Acct	16,791.97
NC Cash Management Trust	3,811,875.39
Southern Bank - Risk Reserve Account	9,422,057.80
Investment Securities Account	706,483.30
Accts Receivable Other	140,583.24
Reimbursable Expenses	59,950.98
Due From Other Government Unit	4,693,406.39
Prepaid Expense	<u>2,609,785.70</u>
CURRENT ASSETS	105,108,569.80
Land	533,507.94
Buildings	4,322,654.25
Leaseholds Improvements	122,112.08
Equipment	<u>3,032,079.49</u>
FIXED ASSETS	8,010,353.76
TOTAL ASSETS	<u>113,118,923.56</u>
Accounts Payable	1,395,448.37
Accrued Expenses	187,234.58
IBNR- Medicaid	14,481,832.00
Reserve For Health Care Costs	104,002.50
Reserve For Retirees Hosp	<u>64,727.86</u>
LIABILITIES	16,213,245.31
Investments in Fixed Assets	8,010,353.76
Unrestricted Fund Balance	68,237,644.81
Restricted Fund Balance	16,409,821.83
YTD Income	<u>4,245,857.85</u>
FUND BALANCE	<u>96,903,678.25</u>
TOTAL LIABILITIES & FUND BALANCE	<u>113,118,923.56</u>



For the Five Months
Ending 11/30/2014

Income Statement

	<u>November</u>	<u>YTD</u>
<i>Revenue</i>		
Service Revenue:		
Medicaid	\$12,276,381.72	\$83,687,054.00
Risk Reserve	281,181.00	1,458,704.94
State	3,320,349.40	13,151,882.87
County & Other	300,950.89	982,919.38
Total Service Revenue	16,178,863.01	79,280,561.17
Total Administrative Revenue	1,825,462.00	9,382,595.48
Total Revenue	<u>18,004,325.01</u>	<u>88,663,156.65</u>
<i>Expense</i>		
Service Expense:		
Medicaid	11,001,227.21	61,778,457.32
Risk Reserve		
State	2,474,047.57	12,105,437.01
County & Other	196,985.83	286,547.12
Total Service Expense	13,672,260.61	74,170,441.45
Total Administrative Expense	2,141,551.01	10,246,857.35
Total Expense	<u>15,813,811.62</u>	<u>84,417,298.80</u>
Net Operating Surplus (Deficit)	<u>2,190,513.39</u>	<u>4,245,857.85</u>



For the Five Months
Ending 11/30/2014

Revenue Report

	Monthly Actual	YTD Actual	Annual Budget	% of Budget
4035 From Medicaid Fund Balance	\$0.00	\$0.00	\$13,000,000.00	0.00%
4040 Medicaid/HealthChoice Patient Fees	5,447.52	36,115.07	400,000.00	9.03%
4045 MEDICAID Waiver Service Funds	12,278,381.72	63,687,054.00	146,353,535.00	43.52%
4050 MEDICAID Risk Reserve Funds	281,181.00	1,458,704.94	3,357,888.00	43.44%
4060 MEDICAID Waiver Administrative Fu..	1,501,509.00	7,789,484.48	18,182,962.00	42.84%
4105 Beaufort County ABC Funds	0.00	0.00	17,000.00	0.00%
4110 Bertie County ABC Funds	0.00	1,200.00	4,800.00	25.00%
4111 Camden County ABC Funds	344.29	1,307.80	4,246.00	30.80%
4113 Chowan County ABC Funds	0.00	1,162.47	3,000.00	38.75%
4115 Craven County ABC Funds	2,437.62	9,232.97	27,000.00	34.20%
4117 Currituck County ABC Funds	918.80	6,075.10	9,984.00	60.85%
4120 Gates County ABC Funds	0.00	0.00	1,700.00	0.00%
4125 Hertford County ABC Funds	0.00	1,938.52	6,000.00	32.31%
4130 Jones County ABC Funds	300.08	1,158.28	3,600.00	32.17%
4133 Hyde County ABC Funds	0.00	513.26	1,500.00	34.22%
4135 Northampton County ABC Funds	0.00	0.00	4,000.00	0.00%
4137 Martin County ABC Funds	0.00	0.00	3,500.00	0.00%
4140 Pamlico County ABC Funds	342.68	1,095.54	3,000.00	36.52%
4145 Pitt County ABC Funds	23,825.17	37,389.41	108,000.00	34.62%
4147 Pasquotank County ABC Funds	978.24	3,507.27	7,000.00	50.10%
4149 Perquimans County ABC Funds	292.32	1,105.50	2,500.00	44.22%
4153 Tyrrell County ABC Funds	91.67	366.68	1,092.00	33.58%
4159 Washington County ABC Funds	0.00	0.00	3,000.00	0.00%
4205 Beaufort County General	0.00	0.00	158,599.00	0.00%
4210 Bertie County General	0.00	11,147.50	44,590.00	25.00%
4211 Camden County General	0.00	0.00	20,000.00	0.00%
4213 Chowan County General	2,456.50	12,282.50	29,478.00	41.67%
4215 Craven County General	20,818.91	104,094.63	249,827.00	41.67%
4217 Currituck County General	0.00	23,044.00	50,316.00	45.80%
4219 Dare County General	0.00	35,520.00	339,948.00	10.45%
4220 Gates County General	7,000.00	14,000.00	28,000.00	50.00%
4230 Hertford County General	6,479.17	32,395.81	77,750.00	41.67%
4233 Hyde County General	0.00	0.00	10,914.00	0.00%
4235 Jones County General	1,692.17	8,460.85	20,308.00	41.67%
4237 Martin County General	0.00	0.00	48,482.00	0.00%
4240 Northampton County General	6,467.83	32,339.15	77,614.00	41.67%
4245 Pamlico County General	2,549.42	12,747.10	30,593.00	41.67%
4247 Pasquotank County General	21,376.50	42,753.00	85,506.00	50.00%
4249 Perquimans County General	2,242.00	11,212.00	26,906.00	41.67%
4250 Pitt County General	40,625.00	203,125.00	487,500.00	41.67%
4253 Tyrrell County General	733.83	2,935.32	8,814.00	33.30%
4259 Washington County General	0.00	3,000.00	26,228.00	11.44%
4270 Rental Income	5,575.00	26,598.00	111,160.00	23.93%
4280 LOCAL Miscellaneous	401.30	5,340.35	125,000.00	4.27%
4290 Interest Income	27,892.74	149,006.29	500,000.00	29.80%
4295 Shelter Plus	61,700.79	78,515.01	512,936.00	15.31%
4297 HUD Grant For Homelessness	57,961.34	72,235.00	0.00	0.00%
4390 STATE Miscellaneous	378,000.00	378,000.00	3,643,112.00	10.38%
4805 STATE Single Stream	2,394,799.29	11,955,117.66	29,364,752.00	40.71%
4810 FEDERAL CMH	99,843.01	103,377.41	639,911.00	16.15%
4815 FEDERAL AMH	276,879.86	269,423.88	752,386.00	35.81%
4820 FEDERAL CSA	67,180.00	67,180.00	999,471.00	6.72%
4825 FEDERAL ASA	103,647.24	378,783.72	4,506,313.00	8.41%
4835 FEDERAL ADD	0.00	0.00	104,287.00	0.00%
4840 FEDERAL Miscellaneous	21,605.00	21,605.00	0.00	0.00%
4850 STATE Administrative Funds	302,348.00	1,571,506.00	3,767,629.00	41.71%
TOTAL REVENUES	18,004,325.01	88,663,156.65	228,351,615.00	38.83%
TOTAL REVENUE AND TRANSFERS	18,004,325.01	88,663,156.65	228,351,615.00	38.83%



For the Five Months
Ending 11/30/2014

Expense Report

	<u>Monthly Actual</u>	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>% of Budget</u>
PERSONNEL				
0120 Salaries & Wages	990,754.56	4,925,881.03	13,311,560.00	37.00%
0170 Board Member Expense	712.80	4,742.45	30,000.00	15.81%
0171 Stipend Expense	380.00	4,128.67	10,000.00	41.27%
0180 Fringe Benefits	301,960.91	1,556,723.55	4,455,203.00	34.94%
0190 Other Professional Expense	539,382.91	1,020,379.19	2,285,500.00	44.65%
TOTAL	\$1,833,171.18	\$7,511,852.89	\$20,092,263.00	37.39%
SUPPLIES & MATERIALS				
0210 Houseclean/Supplies	0.00	1,989.20	7,000.00	28.42%
0220 Food & Prov	(263.60)	14,806.22	8,000.00	185.08%
0230 Education/Medical Supplies	7,285.08	72,437.67	1,434,000.00	5.05%
0260 Office Supplies	2,779.56	12,959.99	50,000.00	25.92%
0290 Other Supplies/Materials	6,019.66	16,530.82	64,500.00	25.63%
TOTAL	\$15,820.70	\$118,723.90	\$1,563,500.00	7.59%
OTHER OBLIGATIONS & SERVICES				
0310 Travel	38,825.47	215,710.28	747,500.00	28.86%
0320 Communication	23,924.07	193,103.60	581,500.00	33.21%
0330 Utilities	7,431.94	40,393.58	130,000.00	31.07%
0340 Printing	0.00	0.00	1,000.00	0.00%
0350 Repairs & Maintenance	(28,395.35)	30,168.73	150,000.00	20.11%
0370 Advertising	20,684.98	58,577.32	230,000.00	25.47%
0380 Data Process Services	19,893.76	127,225.88	340,000.00	37.42%
0390 Other Training/Travel/Misc	23,768.84	89,368.75	292,500.00	30.55%
TOTAL	\$106,133.69	\$754,548.12	\$2,472,500.00	30.52%
FIXED CHARGES & OTHER EXPENSES				
0410 Rental Expense	31,358.49	155,232.45	371,611.00	41.77%
0440 Service & Maintenance	57,915.24	447,400.25	945,000.00	47.34%
0450 Insurance	67,956.03	329,870.89	800,000.00	41.23%
0490 Dues & Subscription Other Charges	94.03	83,332.14	117,800.00	70.74%
TOTAL	\$157,323.79	\$1,015,835.73	\$2,234,411.00	45.46%
CAPITAL OUTLAY				
0510 Capital Outlay Furniture	0.00	199.99	20,000.00	1.00%
0520 Capital Outlay DP Equipment	73.90	22,680.42	210,000.00	10.80%
0530 Capital Outlay Buildings	0.00	0.00	3,815,000.00	0.00%
TOTAL	\$73.90	\$22,880.41	\$4,045,000.00	0.57%
CONTRACTS & GRANTS				
0690-02 Contracts Medicaid Pass Thru	267.52	10,099.90	400,000.00	2.52%
0690-03 Contracts Federal Non-UCR	540,439.03	2,245,286.07	4,349,109.00	51.63%
0690-04 Contracts Bridge Funding	22,945.49	72,037.48	127,483.00	56.51%
0690-05 Contracts County/Other	196,718.31	276,447.22	2,543,209.00	10.87%
0690-45 Contracts State Non-UCR	233,204.13	672,711.23	7,595,671.00	8.86%
0690-50 Contracts Medicaid Reinvestment	27,954.92	808,006.35	6,475,000.00	12.48%
5000 Contracts STATE	1,677,458.92	9,115,392.23	26,692,046.00	34.15%
5000 Contracts MEDICAID	11,001,227.21	61,778,457.32	146,353,535.00	42.21%
TOTAL	\$13,700,215.53	\$74,978,447.80	\$194,536,053.00	38.54%
TOTAL EXPENSES	\$15,812,738.79	\$84,402,288.85	\$224,943,727.00	37.52%
0820 Transfer to Medicaid Risk Reserve	0.00	0.00	3,357,888.00	0.00%
0890 Other Non Operating	1,072.83	15,009.95	50,000.00	30.02%
GRAND TOTAL	\$15,813,811.62	\$84,417,298.80	\$228,351,615.00	36.97%

**FINANCE COMMITTEE MEETING
415 East Boulevard, Williamston, NC**

Tuesday, December 16, 2014 5:30 p.m.

AGENDA

			<u>Page</u>
I.	Call to Order	Dr. Denauvo Robinson	
II.	Approval of the October 28, 2014 Minutes	Dr. Denauvo Robinson	1-2
III.	Finance Committee Report and October Financials	Joy Futrell	3-11
IV.	Budget Revision II FY 2014 - 2015	Joy Futrell	12
V.	Adjournment	Dr. Denauvo Robinson	

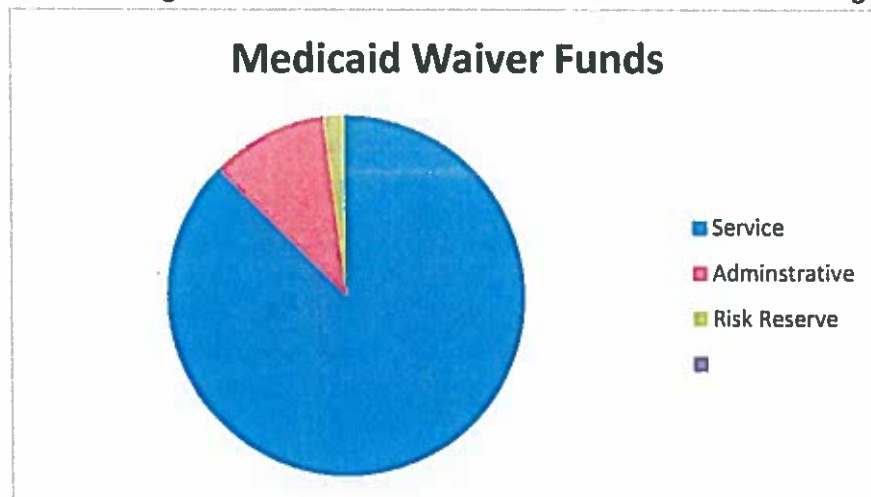
10/31/14 Financials:**Balance Sheet:**

- The Medicaid Risk Reserve account balance is \$9,142,325.58 and as a reminder 2% of each of our Medicaid capitation payment is deposited into this account. The account currently represents approximately 6 % of our annual Medicaid service funding. These funds can only be accessed with approval from DHHS in the event our Medicaid service expenditures exceed our available funds.
- Due from Other Governmental Unit's balance is \$4,524,558.31. 100% of this is Medicaid funds due to ECBH due to eligibility issues with NC Tracks and this is a statewide issue impacting payment to all MCOs.
- The Prepaid Expense balance is \$2,587,402.81 and represents funds paid to Rubicon (ICF MR service) and prepaid insurance premiums for 10/31/14.
- Fixed assets have now been adjusted for year-end disposals including the building sales.
- Our Medicaid IBNR (Incurred But Not Reported) as of 10/31/14 is \$15,166,066. This means based on our historical paid Medicaid claims, we estimate there is \$15,166,066 in claims which have not been billed to us as of 10/31/14. The IBNR is calculated each month based on our historical paid claims.
- The amount of our fund balance that is restricted is \$16,409,821.83. The amount includes the \$15 million that the Board approved to restrict at our April 2013 meeting for future growth in Medicaid services. The remaining restricted amount of \$1,135,632 reflects funds restricted for purchase of computer equipment (\$1,000,000) and for Pugh Memorial (\$18,602 from AMHC) and we also added the proceeds from the sale of the Clark building in New Bern (\$117,030). We have added \$274,189.83 to this in October which is the proceeds from the sale of Brice's Creek and Pine Tree Drive buildings in New Bern from last fiscal year.
- Our year to date income is \$ 2,055,214.46. For this Medicaid contract year, we have spent approximately 97% of our service funds earned and we continue to reinvest our savings to increase services in our communities.
- Our total fund balance is \$94,713,034.86 and the total unrestricted as of 10/31/14 is \$70,292,859 which is 31% of our budget. (This unrestricted amount includes the year to date income and the unrestricted fund balance.) Having this fund balance puts ECBH at lower financial risk in operating an at risk contract and also allows us to reinvest savings in needed services and best practices in our community. It is also important to note that this total represents less than 4 months of expenditures. With the payment problems that the State has had

with NC Tracks and with the new eligibility challenges they are having with NC FAST having these funds in reserve also guarantees our providers that they will receive prompt, timely payment for services delivered, regardless of whether or not ECBH receives timely payment from the State. With our new capitation rates which were effective April 1, the monthly income has started to decrease. See more detail on Medicaid in the Medicaid section at the end of this report.

Total Revenues:

- We are in the fourth month of the new fiscal year; the revenues should be at 32%.
 - Account number 4040 is Health Choice funds that are pass through billing so while the revenue is lower than expected the offsetting expense is as well. These funds are not part of our State funding or Medicaid contract.
 - Account numbers 4045 – 4060 are our Medicaid waiver funds. As a reminder we receive these monthly and the payment is based on the number of Medicaid eligibles in our 19 counties. 87.5% of each payment is the service funds, 2% is for the risk reserve and the remaining 10.5% is for administration including care coordination. Each of these is approximately 35% for the year. Below is a pie chart showing our Medicaid funds received to date in each of the categories.



- Account numbers 4105 – 4259 represent ABC and county general funds from each of our 19 counties. An employee routinely follows up with any counties that are behind on their contributions.
- Accounts 4810- 4835 are our federal funds from the Division. As our providers file claims, federal funds are drawn down first, prior to using our state single stream funds. Due to the current problems with the new NC Tracks system processing claims, ECBH has elected to adjust our system and pay providers that pass our claims edits. This change has been wholeheartedly endorsed by the

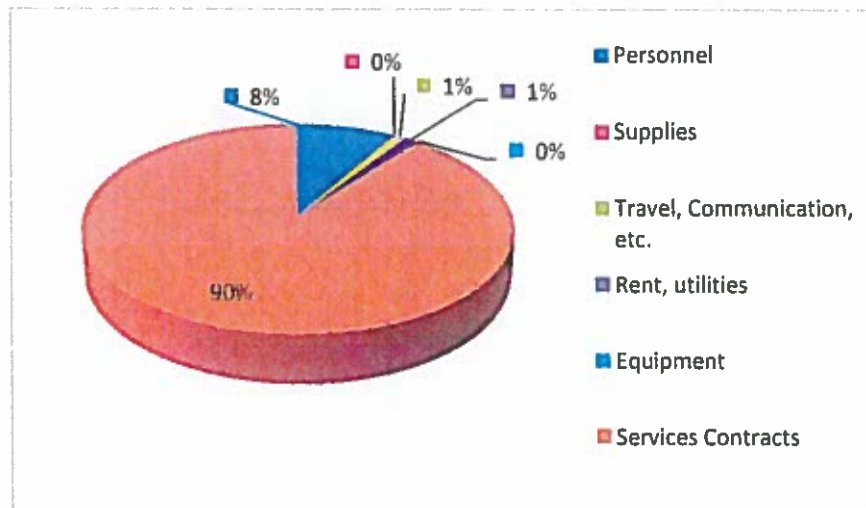
State and is consistent with most, if not all, other LME/MCOs. The state's NC Tracks system was corrected for us in mid-February and we are now processing claims (after paying providers) thorough the system to begin to draw the federal funds down..

- Overall our revenues are 30.94% of the budget at 32% of the year.

Total Expenses:

- Most expenditures are in line or slightly under budget. Some exceptions are explained below.
- Account 0220 Food & Provisions is at 188.37% at 32% of the year. This is due to some expenditures under budgeted for reinvestment in account 220. Funds will be transferred from other line items within the reinvestment cost center to cover this expense.
- Account number 0490 Dues & Subscriptions is at 70.66%. This is due to ECBH paying our annual NC Council dues in July so this was a one-time expenditure and typically the largest expenditure in this account for the year.
- Account number 5000 Contracts Medicaid is our Medicaid service expenditures. Providers have 90 days from the date of service to bill for any services delivered and they also have an additional 90 days to re-bill a denied claim. (There is more detailed information analyzing the Medicaid service fund expenditures at the bottom of this report.) These accounts do include the posting of an accrual for outstanding claims in the amount of \$15,166,066.00. For the new Medicaid contract year (April – October) we spent 97% of our Medicaid service funds received. This again is primarily due to the decrease in our capitation payment with the new contract.
- Account 820 is to balance the budget for the Medicaid Risk Reserve and would be used in the future IF we were ever to have to pay or transfer funds for Medicaid services.
- Overall expenses are 30.04% of the budgeted amount at 32% of the year.

Below is a chart of our expenditures by category and percentage year to date from July 1 – October 31:



3. Medicaid Claims Fund Analysis: As of October 31, we have spent approximately 97% of our Medicaid service funds and approximately 92% of our Medicaid Administrative Funds received in this contract year. We have reinvested \$1,908,975 of our designated Medicaid savings. As a reminder we are paid on a per member per month (pmpm) basis and the pmpm contract rate is based on an actuarial completed by Mercer Consulting services. Mercer reviews both our paid Medicaid claims and considers future changes based on both ECBH input and changes in Medicaid Fee for service. The pmpm rate is typically signed each contract year as a contract addendum to adjust our pmpm. In January, 2014 our rate was adjusted due to the Affordable Care Act (ACA). Mercer predicted ECBH would have an estimated 7,677 new Medicaid eligibles due to the ACA. Due to the increase in eligibles and a couple of other factors, they decreased our pmpm. When Mercer reviewed our Medicaid paid claims data and considered upcoming changes in the new contract year, they reduced our rates again for our annual contract effective April, 2014. This is approximately a 15% reduction in our pmpm. We do not foresee this reduction having any negative impact to consumer services, since we have generated savings in our first two years of waiver operation and are investing those savings back into our community. As you may recall from previous Board meetings, part of the reason that MCOs operate the waivers is to manage care which is expected to result in savings. As the savings that we have are reinvested and new services are implemented, our claims data should increase some which will be utilized in future rate setting. It should not increase back to the original level, but it should produce some slight increase in the near future. Our goal is to create and spend more in evidenced based services that consumers can readily access in their communities, thus reducing the usage and spending in inpatient and other crisis services.

We are continuing to examine changes for this year to improve access to appropriate Medicaid services by reinvesting those savings and increase our earnings. From April 1, 2013 and forward, we have implemented numerous changes to improve access to certain services that should have an annual financial impact of approximately \$2.8 million. In February 2014, we implemented a case rate to pay for an evidenced based children's service (MST) and in July ECBH and our providers implemented Child Parent Psychotherapy an additional evidenced based service which should positively impact children and their families. Both of these evidenced based services have specific clinical outcomes which will be tracked. There are also other projects moving forward to increase natural supports in our communities as was reported at the December Board meeting. We will continue to monitor these expenditures and make adjustments as necessary. Please note that per our DMA contract, our expenditures may not fall below 80% of our Medicaid services capitation.

Medicaid Reinvestment Budget and Expenditures:

As requested at the October Board meeting listed below is the budgeted amounts for each of the projects in the reinvestment budget:

Project	Budget
Family Assistive Technology Conference	200,000
Child Vision 2020 Conference	200,000
Healing Place	4,330,000
CaraSolva	60,000
IAFT - Rapid Resource	50,000
Smart Home	750,000
Assistance Dogs	100,000
Choose Home	500,000
Billboards/Commericals	200,000
Child Parent Psychotherapy	6,000,000
Service Startups	120,000
Fraud Detection - IBM	75,000
CMT/ACT - various projects	340,000
Additional Staff Travel for projects	50,000
Technical Equipment	25,000
Total	13,000,000

East Carolina Behavioral Health
For the Four Months Ending 10/31/2014

	<u>10/31/2014</u>
Southern Bank - Operating Account	\$82,221,779.26
Southern Bank - IMS Health Ins Benefit Acct	328,676.65
Southern Bank - IMS Flex Spending Acct	16,791.97
NC Cash Management Trust	3,811,844.06
Southern Bank - Risk Reserve Account	9,142,325.58
Investment Securities Account	706,483.30
Accts Receivable Other	134,444.85
Reimbursable Expenses	76,484.86
Due From Other Government Unit	4,524,558.31
Prepaid Expense	2,587,402.81
CURRENT ASSETS	<u>103,550,791.65</u>
Land	533,507.94
Buildings	4,322,654.25
Leaseholds Improvements	122,112.08
Equipment	3,032,079.49
FIXED ASSETS	<u>8,010,353.76</u>
TOTAL ASSETS	<u>111,561,145.41</u>
Accounts Payable	1,390,763.50
Accrued Expenses	144,507.82
IBNR- Medicaid	15,166,066.00
Reserve For Health Care Costs	89,313.81
Reserve For Retirees Hosp	57,459.42
LIABILITIES	<u>16,848,110.55</u>
Investments In Fixed Assets	8,010,353.76
Unrestricted Fund Balance	68,237,644.81
Restricted Fund Balance	16,409,821.83
YTD Income	2,055,214.46
FUND BALANCE	<u>94,713,034.86</u>
TOTAL LIABILITIES & FUND BALANCE	<u>111,561,145.41</u>

East Carolina Behavioral Health
INCOME STATEMENT
 For the Four Months Ending 10/31/2014

	<u>October</u>	<u>YTD</u>
<i>Revenue</i>		
Service Revenue:		
Medicald	\$12,784,399.27	\$51,410,672.28
Risk Reserve	292,817.00	1,177,523.94
State	1,518,060.08	9,831,533.47
County & Other	<u>185,528.07</u>	<u>681,988.47</u>
Total Service Revenue	14,780,804.42	63,101,698.16
Total Administrative Revenue	1,865,992.00	7,557,133.48
Total Revenue	<u>16,646,796.42</u>	<u>70,658,831.64</u>
<i>Expense</i>		
Service Expense:		
Medicald	12,348,052.07	50,777,230.11
Risk Reserve		
State	3,340,665.68	9,631,389.44
County & Other	<u>36,246.73</u>	<u>89,561.29</u>
Total Service Expense	15,724,964.48	60,498,180.84
Total Administrative Expense	2,076,781.27	8,105,436.34
Total Expense	<u>17,801,745.75</u>	<u>68,603,617.18</u>
Net Operating Surplus (Deficit)	<u>(1,154,949.33)</u>	<u>2,055,214.46</u>

**EAST CAROLINA BEHAVIORAL HEALTH
TOTAL REVENUES
10/31/2014**

	<u>Current Month</u>	<u>YTD</u>	<u>YTD Budget</u>	<u>% of Budget</u>
4035 From Medicaid Fund Balance	\$0.00	\$0.00	\$13,000,000.00	0.00%
4040 Medicaid/HealthChoice Patient Fees	5,891.83	30,667.55	400,000.00	7.67%
4045 MEDICAID Waiver Service Funds	12,784,399.27	51,410,672.28	146,353,535.00	35.13%
4050 MEDICAID Risk Reserve Funds	292,817.00	1,177,523.94	3,357,888.00	35.07%
4060 MEDICAID Waiver Administrative Fu...	1,563,644.00	6,287,975.48	18,182,962.00	34.58%
4105 Beaufort County ABC Funds	0.00	0.00	17,000.00	0.00%
4110 Bertie County ABC Funds	0.00	1,200.00	4,800.00	25.00%
4111 Camden County ABC Funds	296.21	963.51	4,246.00	22.69%
4113 Chowan County ABC Funds	1,162.47	1,162.47	3,000.00	38.75%
4115 Craven County ABC Funds	2,090.27	6,795.35	27,000.00	25.17%
4117 Currituck County ABC Funds	1,087.18	5,156.30	9,984.00	51.65%
4120 Gates County ABC Funds	0.00	0.00	1,700.00	0.00%
4125 Hertford County ABC Funds	640.33	1,938.52	6,000.00	32.31%
4130 Jones County ABC Funds	264.93	858.18	3,600.00	23.84%
4133 Hyde County ABC Funds	0.00	513.26	1,500.00	34.22%
4135 Northampton County ABC Funds	0.00	0.00	4,000.00	0.00%
4137 Martin County ABC Funds	0.00	0.00	3,500.00	0.00%
4140 Pamlico County ABC Funds	26.09	752.86	3,000.00	25.10%
4145 Pitt County ABC Funds	4,468.39	13,564.24	108,000.00	12.56%
4147 Pasquotank County ABC Funds	784.55	2,529.03	7,000.00	36.13%
4149 Perquimans County ABC Funds	247.00	813.18	2,500.00	32.53%
4153 Tyrrell County ABC Funds	91.67	275.01	1,092.00	25.18%
4159 Washington County ABC Funds	0.00	0.00	3,000.00	0.00%
4205 Beaufort County General	0.00	0.00	156,599.00	0.00%
4210 Bertie County General	0.00	11,147.50	44,590.00	25.00%
4211 Camden County General	0.00	0.00	20,000.00	0.00%
4213 Chowan County General	2,456.50	9,826.00	29,478.00	33.33%
4215 Craven County General	20,818.91	83,275.72	249,827.00	33.33%
4217 Currituck County General	11,522.00	23,044.00	50,316.00	45.80%
4219 Dare County General	17,760.00	35,520.00	339,948.00	10.45%
4220 Gates County General	0.00	7,000.00	28,000.00	25.00%
4230 Hertford County General	6,479.17	25,916.64	77,750.00	33.33%
4233 Hyde County General	0.00	0.00	10,914.00	0.00%
4235 Jones County General	1,692.17	6,768.68	20,306.00	33.33%
4237 Martin County General	0.00	0.00	48,462.00	0.00%
4240 Northampton County General	6,467.83	25,871.32	77,614.00	33.33%
4245 Pamlico County General	2,549.42	10,197.68	30,593.00	33.33%
4247 Pasquotank County General	0.00	21,376.50	85,506.00	25.00%
4249 Perquimans County General	2,242.00	8,970.00	26,908.00	33.34%
4250 Pitt County General	40,625.00	162,500.00	487,500.00	33.33%
4253 Tyrrell County General	733.83	2,201.49	8,814.00	24.98%
4259 Washington County General	0.00	3,000.00	26,228.00	11.44%
4270 Rental Income	5,575.00	21,023.00	111,160.00	18.91%
4280 LOCAL Miscellaneous	4,194.93	4,939.05	125,000.00	3.95%
4290 Interest Income	28,546.17	121,113.55	500,000.00	24.22%
4295 Shelter Plus	16,814.22	16,814.22	512,936.00	3.28%
4297 HUD Grant For Homelessness	0.00	14,273.66	0.00	0.00%
4390 STATE Miscellaneous	0.00	0.00	3,643,112.00	0.00%
4805 STATE Single Stream	1,427,989.00	9,560,318.57	29,364,752.00	32.56%
4810 FEDERAL CMH	1,567.68	3,534.40	639,911.00	0.55%
4815 FEDERAL AMH	(1,943.57)	(7,455.98)	752,386.00	0.99%
4820 FEDERAL CSA	0.00	0.00	999,471.00	0.00%
4825 FEDERAL ASA	90,446.97	275,136.48	4,506,313.00	6.11%
4835 FEDERAL ADD	0.00	0.00	104,287.00	0.00%
4850 STATE Administrative Funds	302,348.00	1,269,158.00	3,767,629.00	33.69%
TOTAL REVENUES	16,646,796.42	70,658,831.64	228,351,815.00	30.94%
TOTAL REVENUE AND TRANSFERS	16,646,796.42	70,658,831.64	228,351,815.00	30.94%

EAST CAROLINA BEHAVIORAL HEALTH
Total Expenses
Summary of All Units
10/31/2014

	<u>Current Month</u>	<u>YTD</u>	<u>YTD Budget</u>	<u>% of Budget</u>
PERSONNEL				
0120 Salaries & Wages	993,327.21	3,935,126.47	13,311,560.00	29.56%
0170 Board Member Expense	2,381.88	4,029.65	30,000.00	13.43%
0171 Stipend Expense	850.00	3,766.67	10,000.00	37.67%
0180 Fringe Benefits	322,857.58	1,254,762.64	4,455,203.00	28.16%
0181 Retiree Hospital	(8,818.70)	0.00	0.00	0.00%
0190 Other Professional Expense	202,807.78	480,996.28	2,285,500.00	21.05%
TOTAL	\$1,513,405.75	\$5,678,681.71	\$20,092,263.00	28.26%
SUPPLIES & MATERIALS				
0210 Houseclean/Supplies	659.41	1,989.20	7,000.00	28.42%
0220 Food & Prov	11,740.80	15,069.82	8,000.00	188.37%
0230 Education/Medical Supplies	14,743.91	65,152.59	1,434,000.00	4.54%
0260 Office Supplies	1,541.85	10,180.43	50,000.00	20.36%
0290 Other Supplies/Materials	4,372.50	10,511.16	64,500.00	16.30%
TOTAL	\$33,058.47	\$102,903.20	\$1,563,500.00	6.58%
OTHER OBLIGATIONS & SERVICES				
0310 Travel	49,762.39	176,884.81	747,500.00	23.66%
0320 Communication	46,334.60	169,179.53	581,500.00	29.09%
0330 Utilities	8,630.54	32,961.62	130,000.00	25.36%
0340 Printing	0.00	0.00	1,000.00	0.00%
0350 Repairs & Maintenance	3,146.35	58,564.08	150,000.00	39.04%
0370 Advertising	15,014.15	37,892.38	230,000.00	16.47%
0380 Data Process Services	26,810.73	107,332.12	340,000.00	31.57%
0390 Other Training/Travel/Misc	31,024.46	65,729.91	292,500.00	22.47%
TOTAL	\$180,723.22	\$648,544.43	\$2,472,500.00	26.23%
FIXED CHARGES & OTHER EXPENSES				
0410 Rental Expense	30,578.49	123,873.96	371,611.00	33.33%
0440 Service & Maintenance	100,322.69	389,485.01	945,000.00	41.22%
0450 Insurance	67,805.61	261,914.86	800,000.00	32.74%
0490 Dues & Subscription Other Charges	5,907.69	83,238.11	117,800.00	70.66%
TOTAL	\$204,614.48	\$858,511.94	\$2,234,411.00	38.42%
CAPITAL OUTLAY				
0510 Capital Outlay Furniture	199.99	199.99	20,000.00	1.00%
0520 Capital Outlay DP Equipment	2,635.82	22,606.52	210,000.00	10.77%
0530 Capital Outlay Buildings	0.00	0.00	3,815,000.00	0.00%
TOTAL	\$2,835.81	\$22,806.51	\$4,045,000.00	0.56%
CONTRACTS & GRANTS				
0690-02 Contracts Medicaid Pass Thru	0.00	9,832.38	400,000.00	2.46%
0690-03 Contracts Federal Non-UCR	1,475,670.21	1,704,857.04	4,349,109.00	39.20%
0690-04 Contracts Bridge Funding	49,091.99	48,091.99	127,483.00	38.51%
0690-05 Contracts County/Other	36,246.73	79,728.91	2,543,209.00	3.13%
0690-45 Contracts State Non-UCR	207,130.56	439,507.10	7,595,671.00	5.79%
0690-50 Contracts Medicaid Reinvestment	137,598.66	780,051.43	6,475,000.00	12.05%
5000 Contracts STATE	1,608,772.92	7,437,933.31	26,692,046.00	27.87%
5000 Contracts MEDICAID	12,348,052.07	50,777,230.11	146,353,535.00	34.69%
TOTAL	\$15,862,583.14	\$61,278,232.27	\$194,536,053.00	31.50%
TOTAL EXPENSES	\$17,797,200.87	\$68,589,680.08	\$224,943,727.00	30.49%
0820 Transfer to Medicaid Risk Reserve	0.00	0.00	3,357,888.00	0.00%
0890 Other Non Operating	4,544.88	13,937.12	50,000.00	27.87%
GRAND TOTAL	\$17,801,745.75	\$68,603,617.18	\$228,351,615.00	30.04%

General Fund

The Area Board of East Carolina Behavioral Health hereby resolves to amend its FY 14-15 Budget Ordinance as follows:

Budget Ordinance Amendment II

	<i>Increase</i>	<i>Decrease</i>	<i>Amended Budget Total</i>
I. EXPENDITURES			
Personnel Services	300,000		20,392,263
Supplies & Materials	25,000		1,588,500
Other Obligations & Services	125,000		2,597,500
Capital Outlay	850,000		4,895,000
Contracts, Grants, Other Subsidies	507,521		195,043,574
Total Increase/Decrease	1,807,521	-	
Net Increase	1,807,521		

II. EXPENDITURES by Cost/Management Center

	<i>Increase</i>	<i>Decrease</i>	<i>Amended Budget Total</i>
Administrative/Governance	26,000		3,004,780
Utilization Review/Service Mgmt		(26,000)	1,622,939
Contracts	507,521		188,598,574
Consolidation	1,300,000		1,300,000
Total Increase/Decrease	1,833,521	(26,000)	
Net Increase	1,807,521		

III. Revenues

	<i>Increase</i>	<i>Decrease</i>	<i>Amended Budget Total</i>
Single Stream State Funds	291,000		29,655,752
Child Substance Abuse	216,521		1,215,992
From Fund Balance - Consolidation	1,300,000		1,300,000
Total Increase/Decrease	1,807,521	-	
Net Increase	1,807,521		

The East Carolina Behavioral Health Board further authorizes its Budget Officer to make budget changes in accordance with above Amendment II.

Adopted this 16th day of December, 2014.

Signed: _____

Dr. Denauro Robinson
Chairperson, Area Board

State of North Carolina

I certify that Dr. Denauro Robinson appeared before me this 16th day of December, 2014 to sign the above instrument.

Signed: _____

Notary

My Commission expires _____

**BOARD OF DIRECTORS MEETING
415 East Boulevard, Williamston, NC**

Tuesday, December 16, 2014, 6:40 p.m.

AGENDA

			<u>Page</u>
I.	Call to Order	Dr. Denauvo Robinson	
II.	Oath of Office	Rita Joyner	
III.	Adoption of Agenda (Board Action Required)	Dr. Denauvo Robinson	
IV.	October 28, 2014 minutes for consideration (Board Action Required)	Dr. Denauvo Robinson	1-4
V.	Public Comments	Dr. Denauvo Robinson	
VI.	Board Comments/Concerns	Board Members	
VII.	Audit Report FY 2013 – 2014 (Attachment 1)	Wayne Terry, CPA CliftonLarsonAllen, LLP	
VIII.	Finance Committee Report and October Financials	Duane Holder	5-13
IX.	Presentation on Consolidation	Leza Wainwright Dr. Denauvo Robinson	
X.	Consolidation Agreement (Board Action Required) (Attachment 2)	Dr. Denauvo Robinson	
XI.	Budget Revision II FY 2014 - 2015 (Board Action Required)	Joy Futrell	14
XII.	CFAC Report	Sandra Buckman	
XIII.	Chair's Report	Dr. Denauvo Robinson	
XIV.	Director's Report	Leza Wainwright	
XV.	Adjournment	Dr. Denauvo Robinson	

BOARD OF DIRECTORS MEETING

October 28, 2014

MINUTES

The Board of Directors for East Carolina Behavioral Health (ECBH) met Tuesday, October 28, 2014, at 6:40 p.m., at the NC Telecenter, 415 East Boulevard in Williamston, NC.

Board members present: Sandra Buckman, Ameche Burns, Jay Burrus, Debbie Chapman, Janice McKenzie Cole, David Creech, Dr. Tom Johnson, Tracey Johnson, Dr. Alex Kehayes, Wayne Petteway, Dr. Denauvo Robinson, Leroy Spivey, and Garrett Taylor. Ann Holton and Carmen Hooker Odom participated via teleconference.

Board members absent: Duane Holder, Zack Koonce

Staff Present: Cindy Ehlers, Joy Futrell, Ron Horn, Dave Peterson, Dr. Michael Smith, Rita Joyner, and Leza Wainwright

Guests: Mark O'Donnell, LME/MCO liaison with the Division of Mental Health/Developmental Disabilities/Substance Abuse Services (DMH/DD/SAS), Wes Rider, DMH/SS/SAS Consumer Empowerment Team and Consumer and Family Advisory Committee (CFAC) liaison, Syd Wiford, Addiction Consulting and Training Associates, Elizabeth Gurganus, CFAC to ECBH, and Lucy Wilmer, CFAC to ECBH.

I. CALL TO ORDER

Judge Janice McKenzie Cole, board chair, called the meeting to order and a quorum was declared.

II. OATH OF OFFICE

Ms. Joyner administered the Oath of Office to new members Jay Burrus, Debbie Chapman, Tracey Johnson, Mike McLain, and Leroy Spivey.

III. ADOPTION OF AGENDA

Mr. Creech made a motion to adopt the agenda. Dr. Robinson seconded the motion which passed unanimously.

IV. CONSENT AGENDA ITEMS

Ms. Holton made a motion to approve the consent agenda items including the August 26, 2014 regular meeting minutes and the September 30, 2014 special meeting minutes. Dr. Johnson seconded the motion which passed unanimously.

V. PUBLIC COMMENTS

None

VI. BOARD COMMENTS/CONCERNS

None

VII. BOARD MEETING DATES

Mr. Taylor made a motion to approve the future meeting dates of the ECBH Board of Directors as follows: December 16, 2014, February 24, 2015, April 28, 2015, June 23, 2015, August 25, 2015, and October 27, 2015. Mr. Petteway seconded the motion which passed unanimously.

VIII. FINANCE COMMITTEE REPORT AND SEPTEMBER FINANCIALS

Ms. Futrell gave the Finance Committee report highlighting the following items:

- Due From Other Governmental Units account balance is approximately \$4.9 million. The majority of this is Medicaid funds owed to ECBH due to eligibility issues with NC Tracks.
- Total fund balance is currently at 31% of our budget. The board approved \$13 million in this fiscal year's budget for reinvestment. Approximately \$762,000 has been spent in this fiscal year and those projects are still moving forward. Currently, for the Medicaid contract year which runs April 1 to March 31, year to date about 97% of Medicaid service funds have been spent.

IX. BUDGET REVISION I FY 2014– 2015

Ms. Futrell reported that Budget Revision I for FY 2014 – 2015 would be a net increase in the budget of \$582,289. She explained that the budget originally included all of the money for the reinvestment projects in one line item under Contracts. This budget revision would move money into the correct line items for each reinvestment project. The increase in the budget comes from a small increase in our Medicaid capitation rate and from additional one-time allocations that have been received from the State since July 1, 2014 for specific programs. A motion was made by Mr. Creech to approve the budget revision. Mr. Spivey seconded the motion which passed unanimously.

X. QUARTERLY INCIDENT REPORT SUMMARY WAIVER REQUEST

Ms. Wainwright presented a request to be made to the Division of Medical Assistance to waive the quarterly incident report requirement by all Category A and Category B providers in the ECBH network through January 31, 2017, per Joint Communication Bulletin #J100. Ms. Johnson made a motion to approve the waiver request. Mr. Creech seconded the motion which passed unanimously.

**XI. NOMINATING COMMITTEE REPORT AND
XII. ELECTION OF OFFICERS**

On behalf of the Nominating Committee, Mr. Creech made a motion to approve Dr. Denauvo Robinson to serve as chair and Ms. Ann Holton to serve as vice chair of the ECBH Board of Directors. Mr. Spivey seconded the motion which passed unanimously.

XIII. GAPS AND NEEDS PRESENTATION

Ms. Syd Wiford, with Addiction Consulting and Training Associates (ACT), gave an overview of the gaps and needs process. She encouraged members of the board to complete the 2014 board survey regarding gaps and needs. A link to complete the survey online was provided to the board as well as hard copies of the survey.

XIV. CFAC REPORT

Ms. Buckman distributed and reviewed a written report from the Consumer Family Advisory Committee (CFAC) highlighting activities over the last two months. She announced that Cindy Ehlers, ECBH Deputy Director for Clinical Operations, would be speaking to the ARC of Beaufort County at the Beaufort County Cooperative Extension Office on Airport Road in Washington on November 17, and invited all to attend.

XV. CHAIR'S REPORT

Judge Cole thanked the board for allowing her to serve as chair over the last year and for the support she had received. She also expressed thanks to Ms. Wainwright and the ECBH staff for their support, trainings provided at meetings, and organization of meetings. She thanked the Nominating Committee including Mr. Creech, Mr. Holder, and Mr. Overman for their work in filling vacancies on the board and to Dr. Robinson and Ms. Holton for their willingness to serve as officers. She noted that there were a few things in the bylaws that needed to be tweaked and stated that with the chair's permission she would be willing to work on those items.

XVI. DIRECTOR'S REPORT

Ms. Wainwright thanked members of the board who had attended the State of the Arts Awards banquet and the 2020 Vision conference.

Ms. Wainwright reported that at the Finance Committee meeting in August a question was raised regarding the Recovery Innovations classes that are to be offered in all 19 counties. It was learned that although people from all 19 counties in the ECBH catchment area attended classes last fiscal year, classes were not held in Bertie, Camden, or Jones counties. Recovery Innovations has done a plan of correction to address this deficiency and all 19 counties will have classes during SFY 2015.

A spreadsheet was presented showing the number of people served and the value of services delivered, by county and disability, for the State Fiscal Year from July 1, 2013 through June 30, 2014.

An infographic prepared by Georgia Claxton, ECBH Public Information Officer, summarizing what has been accomplished after being on the waiver for two years was distributed.

XVII. CLOSED SESSION: CONSIDERATION OF AUGUST 26, 2014, CLOSED SESSION MINUTES

Judge Cole called for a motion to go into Closed Session to review the minutes from the Closed Session on August 26, 2014. Mr. McLain so moved. Mr. Creech seconded the motion which was unanimously approved.

A motion was made by Mr. McLain to conclude the Closed Session. Mr. Creech seconded the motion which was unanimously approved.

XVIII. ADJOURNMENT

With there being no other business the meeting adjourned.

Respectfully submitted,

Rita Joyner
Secretary

Janice McKenzie Cole
Chair

DRAFT

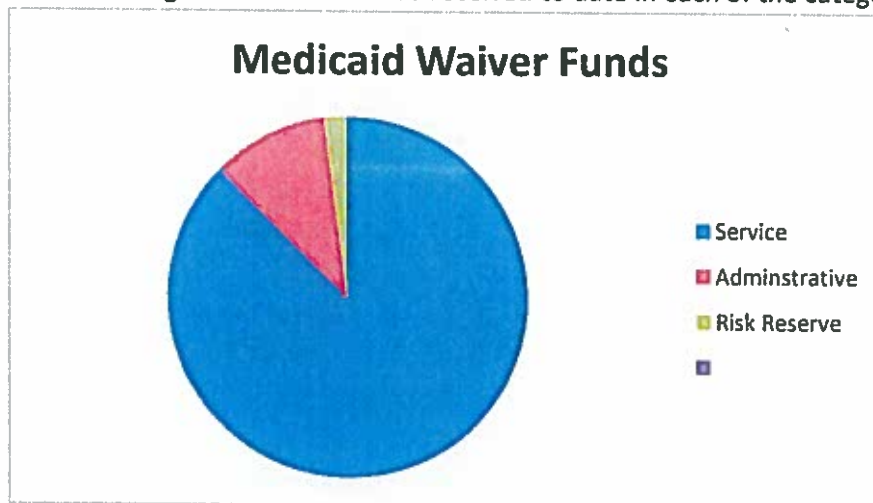
10/31/14 Financials:**Balance Sheet:**

- The Medicaid Risk Reserve account balance is \$9,142,325.58 and as a reminder 2% of each of our Medicaid capitation payment is deposited into this account. The account currently represents approximately 6 % of our annual Medicaid service funding. These funds can only be accessed with approval from DHHS in the event our Medicaid service expenditures exceed our available funds.
- Due from Other Governmental Unit's balance is \$4,524,558.31. 100% of this is Medicaid funds due to ECBH due to eligibility issues with NC Tracks and this is a statewide issue impacting payment to all MCOs.
- The Prepaid Expense balance is \$2,587,402.81 and represents funds paid to Rubicon (ICF MR service) and prepaid insurance premiums for 10/31/14.
- Fixed assets have now been adjusted for year-end disposals including the building sales.
- Our Medicaid IBNR (Incurred But Not Reported) as of 10/31/14 is \$15,166,066. This means based on our historical paid Medicaid claims, we estimate there is \$15,166,066 in claims which have not been billed to us as of 10/31/14. The IBNR is calculated each month based on our historical paid claims.
- The amount of our fund balance that is restricted is \$16,409,821.83. The amount includes the \$15 million that the Board approved to restrict at our April 2013 meeting for future growth in Medicaid services. The remaining restricted amount of \$1,135,632 reflects funds restricted for purchase of computer equipment (\$1,000,000) and for Pugh Memorial (\$18,602 from AMHC) and we also added the proceeds from the sale of the Clark building in New Bern (\$117,030). We have added \$274,189.83 to this in October which is the proceeds from the sale of Brice's Creek and Pine Tree Drive buildings in New Bern from last fiscal year.
- Our year to date income is \$ 2,055,214.46. For this Medicaid contract year, we have spent approximately 97% of our service funds earned and we continue to reinvest our savings to increase services in our communities.
- Our total fund balance is \$94,713,034.86 and the total unrestricted as of 10/31/14 is \$70,292,859 which is 31% of our budget. (This unrestricted amount includes the year to date income and the unrestricted fund balance.) Having this fund balance puts ECBH at lower financial risk in operating an at risk contract and also allows us to reinvest savings in needed services and best practices in our community. It is also important to note that this total represents less than 4 months of expenditures. With the payment problems that the State has had

with NC Tracks and with the new eligibility challenges they are having with NC FAST having these funds in reserve also guarantees our providers that they will receive prompt, timely payment for services delivered, regardless of whether or not ECBH receives timely payment from the State. With our new capitation rates which were effective April 1, the monthly income has started to decrease. See more detail on Medicaid in the Medicaid section at the end of this report.

Total Revenues:

- We are in the fourth month of the new fiscal year; the revenues should be at 32%.
 - Account number 4040 is Health Choice funds that are pass through billing so while the revenue is lower than expected the offsetting expense is as well. These funds are not part of our State funding or Medicaid contract.
 - Account numbers 4045 – 4060 are our Medicaid waiver funds. As a reminder we receive these monthly and the payment is based on the number of Medicaid eligibles in our 19 counties. 87.5% of each payment is the service funds, 2% is for the risk reserve and the remaining 10.5% is for administration including care coordination. Each of these is approximately 35% for the year. Below is a pie chart showing our Medicaid funds received to date in each of the categories.



- Account numbers 4105 – 4259 represent ABC and county general funds from each of our 19 counties. An employee routinely follows up with any counties that are behind on their contributions.
- Accounts 4810- 4835 are our federal funds from the Division. As our providers file claims, federal funds are drawn down first, prior to using our state single stream funds. Due to the current problems with the new NC Tracks system processing claims, ECBH has elected to adjust our system and pay providers that pass our claims edits. This change has been wholeheartedly endorsed by the

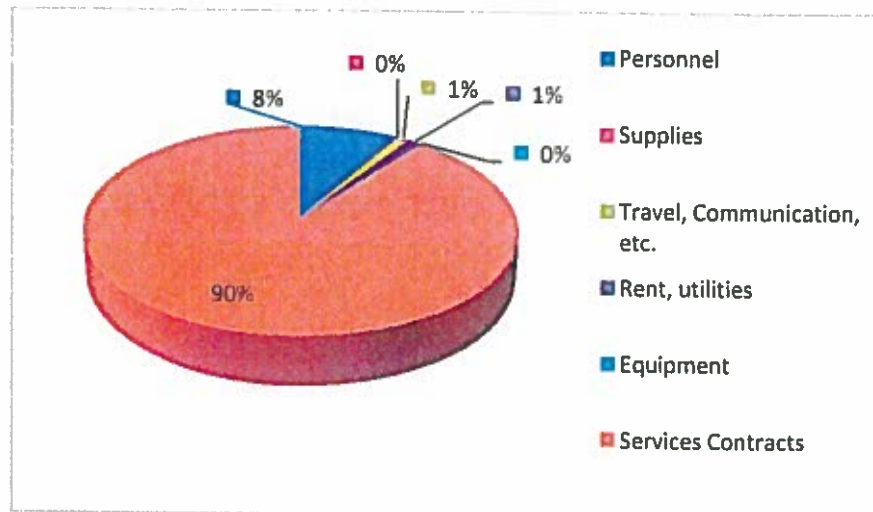
State and is consistent with most, if not all, other LME/MCOs. The state's NC Tracks system was corrected for us in mid-February and we are now processing claims (after paying providers) through the system to begin to draw the federal funds down..

- Overall our revenues are 30.94% of the budget at 32% of the year.

Total Expenses:

- Most expenditures are in line or slightly under budget. Some exceptions are explained below.
- Account 0220 Food & Provisions is at 188.37% at 32% of the year. This is due to some expenditures under budgeted for reinvestment in account 220. Funds will be transferred from other line items within the reinvestment cost center to cover this expense.
- Account number 0490 Dues & Subscriptions is at 70.66%. This is due to ECBH paying our annual NC Council dues in July so this was a one-time expenditure and typically the largest expenditure in this account for the year.
- Account number 5000 Contracts Medicaid is our Medicaid service expenditures. Providers have 90 days from the date of service to bill for any services delivered and they also have an additional 90 days to re-bill a denied claim. (There is more detailed information analyzing the Medicaid service fund expenditures at the bottom of this report.) These accounts do include the posting of an accrual for outstanding claims in the amount of \$15,166,066.00. For the new Medicaid contract year (April – October) we spent 97% of our Medicaid service funds received. This again is primarily due to the decrease in our capitation payment with the new contract.
- Account 820 is to balance the budget for the Medicaid Risk Reserve and would be used in the future IF we were ever to have to pay or transfer funds for Medicaid services.
- Overall expenses are 30.04% of the budgeted amount at 32% of the year.

Below is a chart of our expenditures by category and percentage year to date from July 1 – October 31:



3. Medicaid Claims Fund Analysis: As of October 31, we have spent approximately 97% of our Medicaid service funds and approximately 92% of our Medicaid Administrative Funds received in this contract year. We have reinvested \$1,908,975 of our designated Medicaid savings. As a reminder we are paid on a per member per month (pmpm) basis and the pmpm contract rate is based on an actuarial completed by Mercer Consulting services. Mercer reviews both our paid Medicaid claims and considers future changes based on both ECBH input and changes in Medicaid Fee for service. The pmpm rate is typically signed each contract year as a contract addendum to adjust our pmpm. In January, 2014 our rate was adjusted due to the Affordable Care Act (ACA). Mercer predicted ECBH would have an estimated 7,677 new Medicaid eligibles due to the ACA. Due to the increase in eligibles and a couple of other factors, they decreased our pmpm. When Mercer reviewed our Medicaid paid claims data and considered upcoming changes in the new contract year, they reduced our rates again for our annual contract effective April, 2014. This is approximately a 15% reduction in our pmpm. We do not foresee this reduction having any negative impact to consumer services, since we have generated savings in our first two years of waiver operation and are investing those savings back into our community. As you may recall from previous Board meetings, part of the reason that MCOs operate the waivers is to manage care which is expected to result in savings. As the savings that we have are reinvested and new services are implemented, our claims data should increase some which will be utilized in future rate setting. It should not increase back to the original level, but it should produce some slight increase in the near future. Our goal is to create and spend more in evidenced based services that consumers can readily access in their communities, thus reducing the usage and spending in inpatient and other crisis services.

We are continuing to examine changes for this year to improve access to appropriate Medicaid services by reinvesting those savings and increase our earnings. From April 1, 2013 and forward, we have implemented numerous changes to improve access to certain services that should have an annual financial impact of approximately \$2.8 million. In February 2014, we implemented a case rate to pay for an evidenced based children's service (MST) and in July ECBH and our providers implemented Child Parent Psychotherapy an additional evidenced based service which should positively impact children and their families. Both of these evidenced based services have specific clinical outcomes which will be tracked. There are also other projects moving forward to increase natural supports in our communities as was reported at the December Board meeting. We will continue to monitor these expenditures and make adjustments as necessary. Please note that per our DMA contract, our expenditures may not fall below 80% of our Medicaid services capitation.

Medicaid Reinvestment Budget and Expenditures:

As requested at the October Board meeting listed below is the budgeted amounts for each of the projects in the reinvestment budget:

Project	Budget
Family Assistive Technology Conference	200,000
Child Vision 2020 Conference	200,000
Healing Place	4,330,000
CaraSolva	60,000
IAFT - Rapid Resource	50,000
Smart Home	750,000
Assistance Dogs	100,000
Choose Home	500,000
Billboards/Commericals	200,000
Child Parent Psychotherapy	6,000,000
Service Startups	120,000
Fraud Detection - IBM	75,000
CMT/ACT - various projects	340,000
Additional Staff Travel for projects	50,000
Technical Equipment	25,000
Total	13,000,000

East Carolina Behavioral Health
For the Four Months Ending 10/31/2014

	<u>10/31/2014</u>
Southern Bank - Operating Account	\$82,221,779.26
Southern Bank - IMS Health Ins Benefit Acct	328,676.65
Southern Bank - IMS Flex Spending Acct	16,791.97
NC Cash Management Trust	3,811,844.06
Southern Bank - Risk Reserve Account	9,142,325.58
Investment Securities Account	706,483.30
Accts Receivable Other	134,444.85
Reimbursable Expenses	76,484.86
Due From Other Government Unit	4,524,558.31
Prepaid Expense	<u>2,587,402.81</u>
CURRENT ASSETS	103,550,791.65
Land	533,507.94
Buildings	4,322,654.25
Leaseholds Improvements	122,112.08
Equipment	<u>3,032,079.49</u>
FIXED ASSETS	8,010,353.76
TOTAL ASSETS	<u>111,561,145.41</u>
Accounts Payable	1,390,763.50
Accrued Expenses	144,507.82
IBNR- Medicaid	15,166,066.00
Reserve For Health Care Costs	89,313.81
Reserve For Retirees Hosp	<u>57,459.42</u>
LIABILITIES	16,848,110.55
Investments In Fixed Assets	8,010,353.76
Unrestricted Fund Balance	68,237,644.81
Restricted Fund Balance	16,409,821.83
YTD Income	<u>2,055,214.46</u>
FUND BALANCE	<u>94,713,034.86</u>
TOTAL LIABILITIES & FUND BALANCE	<u>111,561,145.41</u>

**East Carolina Behavioral Health
Income Statement Summary
For the Four Months Ending 10/31/2014**

	<u>October</u>	<u>YTD</u>
Total Revenue	\$16,646,796.42	\$70,658,831.64
Total Expense	17,801,745.75	68,603,617.18
Net Income	<u>(1,154,949.33)</u>	<u>2,055,214.46</u>

East Carolina Behavioral Health
Total Revenues
For the Four Months Ending 10/31/2014

	<u>Current Month</u>	<u>YTD</u>	<u>YTD Budget</u>	<u>% of Budget</u>
4035 From Medicaid Fund Balance	\$0.00	\$0.00	\$13,000,000.00	0.00%
4040 Medicaid/HealthChoice Patient Fees	5,891.83	30,667.55	400,000.00	7.67%
4045 Medicaid Waiver Service Funds	12,784,399.27	51,410,672.28	146,218,757.00	35.16%
4050 Medicaid Risk Reserve Funds	292,817.00	1,177,523.94	3,354,795.00	35.10%
4060 Medicaid Waiver Administrative Fun...	1,563,644.00	6,287,975.48	18,166,217.00	34.61%
All County ABC Funds	11,159.09	35,521.91	284,922.00	12.82%
All County General Funds	113,346.83	436,615.53	1,748,951.00	24.96%
4270 Rental Income	5,575.00	21,023.00	111,160.00	18.91%
4280 Local Miscellaneous	4,194.93	4,939.05	125,000.00	3.95%
4290 Interest Income	28,546.17	121,113.55	500,000.00	24.22%
4295 Shelter Plus	16,814.22	16,814.22	463,260.00	3.63%
4297 HUD Grant For Homelessness	0.00	14,273.66	0.00	0.00%
4390 State Miscellaneous	0.00	0.00	3,558,800.00	0.00%
4805 State Single Stream	1,427,989.00	9,560,318.57	28,689,029.00	33.32%
4810 Federal CMH	1,567.68	3,534.40	308,285.00	1.15%
4815 Federal AMH	(1,943.57)	(7,455.98)	743,827.00	1.00%
4820 Federal CSA	0.00	0.00	1,217,423.00	0.00%
4825 Federal ASA	90,446.97	275,136.48	4,506,313.00	6.11%
4835 Federal ADD	0.00	0.00	104,287.00	0.00%
4850 State Administrative Funds	302,348.00	1,269,158.00	4,268,300.00	29.73%
TOTAL REVENUES	16,646,796.42	70,658,831.64	227,769,326.00	31.02%
TOTAL REVENUE AND TRANSFERS	16,646,796.42	70,658,831.64	227,769,326.00	31.02%

EAST CAROLINA BEHAVIORAL HEALTH
Total Expenses
Summary of All Units
10/31/2014

	<u>Current Month</u>	<u>YTD</u>	<u>YTD Budget</u>	<u>% of Budget</u>
PERSONNEL				
0120 Salaries & Wages	993,327.21	3,935,126.47	13,311,560.00	29.56%
0170 Board Member Expense	2,381.88	4,029.65	30,000.00	13.43%
0171 Stipend Expense	850.00	3,766.67	10,000.00	37.67%
0180 Fringe Benefits	322,857.58	1,254,762.64	4,455,203.00	28.16%
0181 Retiree Hospital	(8,818.70)	0.00	0.00	0.00%
0190 Other Professional Expense	202,807.78	480,996.28	2,285,500.00	21.05%
TOTAL	\$1,513,405.75	\$5,678,681.71	\$20,092,263.00	28.26%
SUPPLIES & MATERIALS				
0210 Houseclean/Supplies	659.41	1,989.20	7,000.00	28.42%
0220 Food & Prov	11,740.80	15,069.82	8,000.00	188.37%
0230 Education/Medical Supplies	14,743.91	65,152.59	1,434,000.00	4.54%
0260 Office Supplies	1,541.85	10,180.43	50,000.00	20.36%
0290 Other Supplies/Materials	4,372.50	10,511.16	64,500.00	16.30%
TOTAL	\$33,058.47	\$102,803.20	\$1,563,500.00	6.58%
OTHER OBLIGATIONS & SERVICES				
0310 Travel	49,762.39	176,884.81	747,500.00	23.66%
0320 Communication	46,334.60	169,179.53	581,500.00	29.09%
0330 Utilities	8,630.54	32,961.62	130,000.00	25.36%
0340 Printing	0.00	0.00	1,000.00	0.00%
0350 Repairs & Maintenance	3,146.35	58,564.08	150,000.00	39.04%
0370 Advertising	15,014.15	37,892.36	230,000.00	16.47%
0380 Data Process Services	26,810.73	107,332.12	340,000.00	31.57%
0390 Other Training/Travel/Misc	31,024.46	65,729.91	292,500.00	22.47%
TOTAL	\$180,723.22	\$648,544.43	\$2,472,500.00	26.23%
FIXED CHARGES & OTHER EXPENSES				
0410 Rental Expense	30,578.49	123,873.96	371,611.00	33.33%
0440 Service & Maintenance	100,322.69	389,485.01	945,000.00	41.22%
0450 Insurance	67,805.61	261,914.86	800,000.00	32.74%
0490 Dues & Subscription Other Charges	5,907.69	83,238.11	117,800.00	70.66%
TOTAL	\$204,614.48	\$858,511.94	\$2,234,411.00	38.42%
CAPITAL OUTLAY				
0510 Capital Outlay Furniture	199.99	199.99	20,000.00	1.00%
0520 Capital Outlay DP Equipment	2,635.82	22,606.52	210,000.00	10.77%
0530 Capital Outlay Buildings	0.00	0.00	3,815,000.00	0.00%
TOTAL	\$2,835.81	\$22,806.51	\$4,045,000.00	0.56%
CONTRACTS & GRANTS				
0690-02 Contracts Medicaid Pass Thru	0.00	9,832.38	400,000.00	2.46%
0690-03 Contracts Federal Non-UCR	1,475,670.21	1,704,857.04	4,349,109.00	39.20%
0690-04 Contracts Bridge Funding	49,091.99	49,091.99	127,483.00	38.51%
0690-05 Contracts County/Other	36,246.73	79,728.91	2,543,209.00	3.13%
0690-45 Contracts State Non-UCR	207,130.56	439,507.10	7,595,671.00	5.79%
0690-50 Contracts Medicaid Reinvestment	137,598.66	780,051.43	6,475,000.00	12.05%
5000 Contracts STATE	1,608,772.92	7,437,933.31	26,692,046.00	27.87%
5000 Contracts MEDICAID	12,348,052.07	50,777,230.11	146,353,535.00	34.69%
TOTAL	\$15,862,583.14	\$61,278,232.27	\$194,536,053.00	31.50%
TOTAL EXPENSES	\$17,797,200.87	\$68,589,680.06	\$224,943,727.00	30.49%
0820 Transfer to Medicaid Risk Reserve	0.00	0.00	3,357,888.00	0.00%
0890 Other Non Operating	4,544.88	13,937.12	50,000.00	27.87%
GRAND TOTAL	\$17,801,745.75	\$68,603,617.18	\$228,351,615.00	30.04%

General Fund

The Area Board of East Carolina Behavioral Health hereby resolves to amend its FY 14-15 Budget Ordinance as follows:

Budget Ordinance Amendment II

	<i>Increase</i>	<i>Decrease</i>	<i>Amended Budget Total</i>
I. EXPENDITURES			
Personnel Services	300,000		20,392,263
Supplies & Materials	25,000		1,588,500
Other Obligations & Services	125,000		2,597,500
Capital Outlay	850,000		4,895,000
Contracts, Grants, Other Subsidies	507,521		195,043,574
Total Increase/Decrease	1,807,521	-	
Net Increase	1,807,521		

II. EXPENDITURES by Cost/Management Center

	<i>Increase</i>	<i>Decrease</i>	<i>Amended Budget Total</i>
Administrative/Governance	26,000		3,004,780
Utilization Review/Service Mgmt		(26,000)	1,622,939
Contracts	507,521		188,598,574
Consolidation	1,300,000		1,300,000
Total Increase/Decrease	1,833,521	(26,000)	
Net Increase	1,807,521		

III. Revenues

	<i>Increase</i>	<i>Decrease</i>	<i>Amended Budget Total</i>
Single Stream State Funds	291,000		29,655,752
Child Substance Abuse	216,521		1,215,992
From Fund Balance - Consolidation	1,300,000		1,300,000
Total Increase/Decrease	1,807,521	-	
Net Increase	1,807,521		

The East Carolina Behavioral Health Board further authorizes its Budget Officer to make budget changes in accordance with above Amendment II.

Adopted this 16th day of December, 2014.

Signed: _____

Dr. Denuvo Robinson
Chairperson, Area Board

State of North Carolina

I certify that Dr. Denuvo Robinson appeared before me this 16th day of December, 2014 to sign the above instrument.

Signed: _____

Notary

My Commission expires _____

EAST CAROLINA BEHAVIORAL HEALTH

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2014

**EAST CAROLINA BEHAVIORAL HEALTH
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
East Carolina Behavioral Health
Greenville, North Carolina

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business-type activity, each major fund and the aggregate remaining fund information of East Carolina Behavioral Health (the "Organization"), as of and for the year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity, each major fund and the aggregate remaining fund information of the Organization as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 4-10 and 37-38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Organization. The Supplemental Schedules for NC Division of Medical Assistance Reporting as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by 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 Supplemental Schedules for NC Division of Medical Assistance Reporting and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November __, 2014 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

“DRAFT ONLY”

CliftonLarsonAllen LLP

Charlotte, North Carolina
November __, 2014

Management's Discussion and Analysis

**EAST CAROLINA BEHAVIORAL HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Management's Discussion and Analysis (MD&A)

The management of East Carolina Behavioral Health (the "Organization") offers readers of the Organization's financial statements this narrative overview and analysis of their financial activities for the fiscal year ended (FYE) June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Organization's financial statements, which follow this narrative.

Financial Highlights

- The Organization's net position increased by \$22,913,974 (or 33.7%) to \$91,970,678, as compared to the previous year's end.
- Net investment in capital assets decreased by \$877,193 (or 27.8%) as compared to the previous year's end.
- Unrestricted net position increased by \$19,068,964 to \$76,017,739 during the fiscal year ended June 30, 2014.
- The business-type activity operating revenues were \$222,682,787 for the fiscal year ended June 30, 2014.
- Total operating expenses of all of the Organization's programs were \$199,837,043 during the fiscal year ended June 30, 2014.

Overview of the Financial Statements

The Organization's basic financial statements consist of three components; 1) the MD&A, 2) fund financial statements, and 3) notes to the financial statements. Because the Organization is a special-purpose government engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Organization. In addition to management's discussion and analysis, management has prepared the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows.

Overview of the Organization

The Organization's primary mission is to manage a publicly funded health care system which addresses the mental health, substance abuse and intellectual and developmentally disability needs of citizens in the nineteen county catchment area. The Organization's operations are funded primarily through Medicaid waiver funds, as well as federal and state grants.

**EAST CAROLINA BEHAVIORAL HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Fund Financial Statements

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the Organization's most significant activities by focusing on the individual activities of the major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Organization, 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 (G.S.), the Organization's budget ordinance, or requirements under the Medicaid waivers. The focus is now on the activities of the major funds, and not on the type of fund. The Organization maintains one fund based on its activities as required by and for accountability and control. The fund is an enterprise fund which uses the full accrual basis of accounting and accounts for the Organization's activities in a manner similar to a for-profit business.

The Organization adopts an annual budget as required by G.S. 159-42(c). The budget is a legally adopted document that incorporates input from the citizens and the management of the Organization and the decisions of the Board about which services to provide and how to pay for them. The budgetary statements demonstrate how well the Organization complied with the budget ordinance and whether or not the Organization succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the legal budget document. The budgetary statements are presented as supplementary information to demonstrate compliance with applicable state laws. To account for the difference between the budgetary basis of accounting and the full accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements

The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 18-35. After the notes, supplemental information is provided to show details about the Organization's individual funds.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information required by North Carolina general statutes.

**EAST CAROLINA BEHAVIORAL HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Statement of Net Position

A summary of the Organization's Statements of Net Position at June 30, 2014 and 2013, are presented in Table A-1.

**Table A-1
Condensed Statements of Net Position
June 30, 2014 and 2013**

	2014	2013
Current Assets	\$ 94,672,047	\$ 73,128,556
Net Pension Asset	5,125,500	5,325,700
Restricted Cash	8,017,406	4,494,346
Capital Assets	3,154,443	4,031,636
Total Assets	\$ 110,969,396	\$ 86,980,238
Current Liabilities	\$ 18,266,986	\$ 17,363,497
Long-Term Liabilities	731,732	560,037
Total Liabilities	18,998,718	17,923,534
Net Position		
Net Investment in Capital Assets	3,154,443	4,031,636
Restricted	12,798,496	8,076,293
Unrestricted	76,017,739	56,948,775
Total Net Position	91,970,678	69,056,704
Total Liabilities and Net Position	\$ 110,969,396	\$ 86,980,238

Net position may serve over time as one useful indicator of a government's financial condition. The assets of the Organization exceeded liabilities by \$91,970,678 as of June 30, 2014. The Organization's net position increased by \$22,913,974 for the fiscal year ended June 30, 2014. The largest portion of net position (95.1%) reflects the Organization's unrestricted cash. The Organization uses these funds to pay providers of services and to manage risk associated with the capitation payments under the Medicaid waivers.

An additional portion of the Organization's net position represents resources that are subject to external restrictions on how they may be used. A percentage of 82.6% of the total fund balance is unrestricted while 13.9% of the net position is restricted by North Carolina State Statute, the Medicaid b/c waiver contract, and Pugh Memorial. The remaining balance represents the net investment in capital assets.

**EAST CAROLINA BEHAVIORAL HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Statement of Revenues, Expenses, and Changes in Net Position

While the Statements of Net Position show the changes in net assets, it also provides answers to the nature and source of these changes.

**Table A-2
Condensed Statements of Changes in Net Position
Years Ended June 30, 2014 and 2013**

	2014	2013
Revenues		
Intergovernmental:		
Local	\$ 1,889,239	\$ 1,971,530
Federal	6,649,337	565,274
State	36,290,304	41,956,314
Medicaid	176,910,912	180,564,894
Other Income	942,995	371,506
Total Revenues	222,682,787	225,429,518
Expenses		
Personnel	15,638,828	13,596,283
Professional Services	1,872,186	1,493,526
Supplies	69,288	97,847
Current Obligations/Services	1,809,979	1,694,332
Fixed Charges/Expenses	2,142,065	2,098,577
Capital Outlay	112,241	134,940
Depreciation	790,583	84,054
Contracts/Grants	177,009,331	177,272,698
Other	392,542	121,099
Total Expenses	199,837,043	196,593,356
NONOPERATING INCOME (LOSS)		
Loss on Disposal of Capital Assets	(382,634)	(408,890)
Interest Income	450,864	148,698
Total Nonoperating Income (Loss)	68,230	(260,192)
Changes in Net Position	22,913,974	28,575,970
Net Position - Beginning of Year	69,056,704	40,480,734
Net Position - End of Year	\$ 91,970,678	\$ 69,056,704

**EAST CAROLINA BEHAVIORAL HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Capital Asset and Debt Administration

The Organization's investment in capital assets as of June 30, 2014, totals \$3,154,443 (net of accumulated depreciation). These assets include land, leasehold improvements, furniture and other equipment, and vehicles. Capital assets increased during the year with new equipment additions and leasehold renovations (there were no significant demolitions or disposals).

At June 30, 2014 and 2013, the Organization had invested \$3,154,443 and \$4,031,636, respectively, in capital assets, net of accumulated depreciation, as shown in Table A-3.

**Table A-3
Capital Assets
June 30, 2014 and 2013**

	2014	2013
Land	\$ 533,508	\$ 485,972
Buildings	2,035,561	2,565,072
Other Improvements	62,822	116,352
Equipment and Other	522,552	864,240
Total Capital Assets	\$ 3,154,443	\$ 4,031,636

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

At June 30, 2014 and 2013, the Organization had no outstanding debt associated with these capital assets.

Economic and Other Factors

A number of economic factors currently affect the financial and operational performance of health care entities and the Organization including the following:

Restructuring of Mental Health Services in North Carolina.

A major restructuring of the management and delivery systems of mental health, developmental disabilities, and substance abuse agencies and authorities continues in the State of North Carolina. Significant changes in funding and operations continue to take place as a result of this reform.

Other Factors for the Year Ended June 30, 2014:

The Organization is a Local Management Entity in the State of North Carolina operating under a Medicaid 1915 b/c waiver that was effective April 2012.

**EAST CAROLINA BEHAVIORAL HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Finance Contact

The Organization's financial statements are designed to present users with a general overview of the Organization's finances and to demonstrate the Organization's accountability. If you have any questions about the report or need additional financial information, please contact Joy Futrell, Deputy Director of Administration, East Carolina Behavioral Health, 144 Community College Road, Ahoskie, North Carolina, 29710.

STATE OF CALIFORNIA
DEPARTMENT OF REVENUE
SAN FRANCISCO OFFICE

STATE OF CALIFORNIA
DEPARTMENT OF REVENUE
SAN FRANCISCO OFFICE

Basic Financial Statements

THE UNIVERSITY OF THE STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
ALBANY, NEW YORK

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**EAST CAROLINA BEHAVIORAL HEALTH
STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 87,512,290
Accounts Receivable	4,762,488
Prepaid Expenses	2,397,269
Net Pension Assets	5,125,500
Total Current Assets	<u>99,797,547</u>

Non-Current Assets

Restricted Cash and Cash Equivalents	8,017,406
Capital Assets:	
Land	533,508
Other Capital Assets (Net of Accumulated Depreciation):	2,620,935
Total Capital Assets	<u>3,154,443</u>
Total Noncurrent Assets	<u>11,171,849</u>

Total Assets \$ 110,969,396

LIABILITIES

Accounts Payable and Other Current Liabilities	\$ 4,079,844
Liability for Claims Incurred, but not Reported	13,962,142
Compensated Absences - Current Portion	225,000

Long-Term Liabilities:

Compensated Absences - Long Term	731,732
Total Liabilities	<u>18,998,718</u>

NET POSITION

Net Investment in Capital Assets	3,154,443
Restricted:	
Stabilization of State Statue	4,762,488
Medicaid Risk Reserve	8,017,406
Pugh Memorial	18,602
Unrestricted	76,017,739
Total Net Position	<u>91,970,678</u>

Total Liabilities and Net Position \$ 110,969,396

See accompanying Notes to Financial Statements.

**EAST CAROLINA BEHAVIORAL HEALTH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014**

OPERATING REVENUES

Intergovernmental:

Local	\$ 1,889,239
Federal	6,649,337
State	36,290,304
Medicaid	176,910,912
Other Income	942,995
Total Revenues	<u>222,682,787</u>

EXPENSES

Personnel	15,638,828
Professional Services	1,872,186
Supplies and Materials	69,288
Current Obligations/Services	1,809,979
Fixed Charges/Expenses	2,142,065
Capital Outlay	112,241
Depreciation	790,583
Contracts, Grants	177,009,331
Other	392,542
Total Expenses	<u>199,837,043</u>

Operating Income	22,845,744
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NONOPERATING INCOME (LOSS)

Loss on Disposal of Capital Assets	(382,634)
Interest Income	450,864
Total Nonoperating Income (Loss)	<u>68,230</u>

Increase in Net Position	22,913,974
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NET POSITION - BEGINNING OF YEAR	<u>69,056,704</u>
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NET POSITION - END OF YEAR	<u><u>\$ 91,970,678</u></u>
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See accompanying Notes to Financial Statements.

**EAST CAROLINA BEHAVIORAL HEALTH
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Federal, State, and Local Agencies	\$ 220,540,649
Payments to Suppliers	(6,398,301)
Payments to Employees	(15,467,133)
Payments for Contracted Services	(176,105,842)
Other Receipts/Payments, Net	1,097,285
Cash Provided by Operating Activities	<u>23,666,658</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	<u>(296,024)</u>
Cash Used in Capital and Related Financing Activities	(296,024)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>450,864</u>
Cash Provided by Investing Activities	<u>450,864</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,821,498
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>71,708,198</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 95,529,696</u>
Cash and Cash Equivalents	\$ 87,512,290
Restricted Cash and Cash Equivalents	<u>8,017,406</u>
	<u>\$ 95,529,696</u>
Reconciliation of operating income to net cash provided from operating activities:	
Operating income	\$ 22,845,744
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	790,583
(Increase) in accounts receivable	(1,199,143)
Decrease in net pension assets	200,200
(Increase) in prepaid expenses	(45,910)
Increase in accounts payable and accrued expenses	903,489
Increase in compensated absences	171,695
	<u>\$ 23,666,658</u>

See accompanying Notes to Financial Statements.

**EAST CAROLINA BEHAVIORAL HEALTH
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND
YEAR ENDED JUNE 30, 2014**

ASSETS

Cash and Cash Equivalents	\$ 2,020,468
Investments	4,632,418
Total Assets	<u>\$ 6,652,886</u>

LIABILITIES

Accounts Payable	\$ 169,142
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NET POSITION

Assets Held in Trust for Pension Benefits	<u>6,483,744</u>
Total Liabilities and Net Position	<u>\$ 6,652,886</u>

See accompanying Notes to Financial Statements.

**EAST CAROLINA BEHAVIORAL HEALTH
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
YEAR ENDED JUNE 30, 2014**

ADDITIONS	
Net Appreciation (Depreciation) in Fair Value of Investments	\$ (149,321)
Interest	224,622
Total Additions	<u>75,301</u>
DEDUCTIONS	
Benefits	169,142
Total Deductions	<u>169,142</u>
Change in Net Position	(93,841)
NET POSITION, BEGINNING	<u>6,577,585</u>
NET POSITION, ENDING	<u><u>\$ 6,483,744</u></u>

See accompanying Notes to Financial Statements.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of East Carolina Behavioral Health (the "Organization") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The Organization is a local management entity (LME) and managed care organization (MCO) designated by and functioning under the control of the North Carolina Department of Health and Human Services to provide mental health, developmental disabilities and substance abuse services in Beaufort, Bertie, Camden, Chowan, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, Northampton, Pamlico, Pasquotank, Pitt, Perquimans, Tyrrell, and Washington counties. The services include reviewing and evaluating the area needs and programs in mental health, mental impairment, mental retardation, alcoholism, drug dependency and related fields, and developing jointly with the North Carolina Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, an annual plan for the effective development, use and control of state and local facilities and resources in a comprehensive program of mental health service for the residents of the area. The Organization, which is governed by a twenty-one member board of directors appointed by the Boards of Commissioners from the nineteen county catchment area, is an area authority empowered by Chapter 122C of the North Carolina General Statutes with the responsibility to oversee and control all activities related to mental health, developmental disabilities, and substance abuse services in its target area. The Organization has no component units, which under generally accepted accounting principles are legally separate entities for which the Organization is financially accountable.

B. Basis of Presentation, Fund Accounting

The accounts of the Organization are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The Organization accounts for its operations as an enterprise fund. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Organization reports the following major enterprise fund:

The *Enterprise Fund*, the major operating fund of the Organization which accounts for all activity.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Fund Accounting (Continued)

The Organization reports the following fiduciary fund type:

Pension Trust Fund. The Organization maintains one Pension Trust Fund – the Other Postemployment Benefit Fund. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of other postemployment benefit plans and defined contribution plans. The Other Postemployment Benefit Fund accounts for the Organization's contributions for health care coverage provided to qualified retirees.

The Enterprise Fund and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Organization gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

All funds of the Organization are maintained on the modified accrual basis during the year; however, the financial statements for the Organization have been reported on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for depreciation, capital outlay, compensated absences, and other postemployment benefits.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgetary Data

The Organization maintains budgetary controls over all funds, as required by the North Carolina General Statute 159-42 (c-d). An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial 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. The budget was prepared on the modified accrual basis of accounting. The budget presented in these statements is the budget ordinance amended through June 30, 2014.

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the Organization are made in board-designated official depositories and are secured as required by G.S. 159-31. The Organization may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Organization 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 Organization 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 organization; 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 Organization's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-US Alpha Tilts Fund B is priced at \$22.20 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$48.35 per share at June 30, 2014.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (Continued)

2. Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Organization 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.

Restricted cash consists of cash required to be set aside in a separate account by the Medicaid waiver.

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 and evaluating current information related to the collectability of individual receivables.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

5. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: leasehold improvements, equipment, and vehicles, \$5,000. 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.

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

	<u>Years</u>
Buildings and Improvements	40
Vehicles	5
Furniture and Equipment	10
Computers and Software	3-5

6. Long-Term Obligations

Long-term obligations are reported as liabilities and classified as short-term or long-term depending on their respective maturities.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (Continued)

7. Compensated Absences

The vacation policy of the Organization provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. Accumulated vacation in excess of thirty (30) days (as of June 30 each year) is transferred to earned sick leave. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current portion in the government-wide financial statements.

The sick leave policy of the Organization provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Organization has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Organization does not have any items that meet the criterion for this category currently.

9. Net Position

Net position is classified into three parts: net investment in capital assets, restricted, and unrestricted.

RESTRICTED FUND BALANCE

This classification includes revenue resources that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law.

RESTRICTED FOR STABILIZATION OF STATE STATUTE

This classification includes the portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

RESTRICTED FOR MEDICAID RISK RESERVE

This classification includes the portion of fund balance that is restricted by the Medicaid 1915 b/c waiver.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS**A. Assets****1. Cash and Cash Equivalents**

All of the Organization's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the Federal Depository Insurance coverage level are collateralized with securities held by the Organization in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Organization, these deposits are considered to be held by their agents in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Organization or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Organization 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 Organization has no formal policy regarding custodial credit risks 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.

At June 30, 2014, the Organization's deposits had a carrying amount of \$93,735,365 and a bank balance of \$94,122,534. Of the bank balance, \$1,709,547 was covered by Federal Depository Insurance; \$92,412,987 in interest bearing deposits was covered by collateral held under the Pooling Method.

2. Investments

At June 30, 2014, the Organization's investments and maturities were as follows:

	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>4-7 Years</u>
NC Capital Management Trust Term Portfolio	\$ 3,811,716	\$ 3,811,716	\$ -	\$ -	\$ -
U.S. Government Agencies:					
Federal Home Loan Bank	2,858,342	-	-	2,459,426	522,134
Federal Farm Credit Bank	1,717,284	-	-	-	1,717,284
Federal National Mortgage Association	56,794	-	-	56,793	-
	<u>\$ 8,444,136</u>	<u>\$ 3,811,716</u>	<u>\$ -</u>	<u>\$ 2,516,219</u>	<u>\$ 2,239,418</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of 0.3 years, it was presented as an investment with a maturity of 6-12 months.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Investments (Continued)

Interest Rate Risk: The Organization has no policy on interest rate risk.

Custodial Credit Risk: The Organization has no policy on custodial credit risk.

Credit Risk: The Organization's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The Organization's investments in U.S. Agencies (Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Association) are rated AA+ by Standard & Poor's.

3. Receivables

Receivables at June 30, 2014, were as follows:

	<u>Other Governments</u>
General	\$ 4,762,488
Less Allowance for Doubtful Accounts and Contractual Adjustments	-
Total	<u>\$ 4,762,488</u>

Management has determined that there was not a need to establish an allowance for uncollectible accounts at June 30, 2014.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**A. ASSETS (CONTINUED)****4. Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 485,972	\$ 90,033	\$ 42,497	\$ 533,508
Total Capital Assets not Being Depreciated	485,972	90,033	42,497	533,508
Capital Assets Being Depreciated:				
Buildings	4,633,047	154,114	464,507	4,322,654
Leasehold Improvements	180,066	-	57,954	122,112
Furniture and Other Equipment	3,733,246	51,875	753,041	3,032,080
Total Capital Assets Being Depreciated	8,546,359	205,989	1,275,502	7,476,846
Less Accumulated Depreciation for:				
Buildings	2,067,975	421,122	202,004	2,287,093
Leasehold Improvements	63,714	19,905	24,329	59,290
Furniture and Other Equipment	2,869,006	349,555	709,033	2,509,528
Total Accumulated Depreciation	5,000,695	790,582	935,366	4,855,911
Capital Assets, Net	<u>\$ 4,031,636</u>	<u>\$ (494,560)</u>	<u>\$ 382,633</u>	<u>\$ 3,154,443</u>

In addition, the Organization acquired \$112,241 of minor capital assets that were below the capitalization threshold of \$5,000.

B. Liabilities**1. Payables**

Accounts payable, incurred but not reported claims and other current liabilities at June 30, 2014, were as follows:

	Vendors	Accrued Wages and Benefits	Incurred but not Reported Claims	Total
Payables	<u>\$ 3,901,984</u>	<u>\$ 177,860</u>	<u>\$ 13,962,142</u>	<u>\$ 18,041,986</u>

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Pension Plan Obligations

a. Retirement Plan

Plan Description. The Organization 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 Organization 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, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members (employees) are required to contribute six percent of their annual covered salary. The Organization is required to contribute at an actuarially determined rate (7.44%). The contribution requirements of members and of the Organization are established and may be amended by the North Carolina General Assembly. The Organization's contributions to the plan for the years ended June 30, 2014, 2013, and 2012 were \$879,759, \$696,076, and \$541,693, respectively. The contributions made by the Organization equaled the required contributions for each year.

b. Deferred Compensation Plan

Plan Description. In addition to providing pension benefits, East Carolina Behavioral Health has elected to provide healthcare benefits, through a single employer defined benefit plan, to specified retirees of East Carolina Behavioral Health who have at least twenty years of continuous service with the North Carolina Local Governmental Employees' Retirement System (System), which the final 10 years of service must be with East Carolina Behavioral Health. Six participants have been grandfathered to be eligible with 10 years of employment due to a merger. Pre-65 coverage is the same as the sponsor's group health coverage for active employees. Medicare supplement and drug coverage are offered to post-65 retirees only with no spousal coverage offered. Retired employees meeting the criteria, discussed herein, will be provided hospitalization in the same manner as the active East Carolina Behavioral Health employees. East Carolina Behavioral Health pays 100% of the retiree premium costs. Pre-65 retirees can purchase coverage for their dependents at East Carolina Behavioral Health's group rates if they had dependent coverage at retirement. Per Board action, this benefit is no longer available for employees hired after July 1, 2007. The Area Board may amend the benefit provisions. A separate report was not issued for the plan.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

c. Other Postemployment Benefits

Currently, 46 retirees and spouses are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2012, East Carolina Behavioral Health did not make payments for post-retirement health benefit premiums as the plan was fully funded. East Carolina Behavioral Health has a self-funded health insurance plan with a third-party administrator.

Membership of the Plan consisted of the following at July 1, 2012, the date of the latest actuarial valuation:

Retirees and spouses receiving benefits	46
Active	<u>40</u>
Total	<u>86</u>

Funding Policy. East Carolina Behavioral Health pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees under a Board resolution that can be amended by East Carolina Behavioral Health Board. East Carolina Behavioral Health's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage.

A resolution was adopted by the Board in December 2010 to establish an irrevocable trust account to hold funds for future benefits. During fiscal year 2012, East Carolina Behavioral Health elected to fund the healthcare benefits in full, based on the unfunded actuarial accrued liability in the July 1, 2009 actuarial valuation report, by depositing funds into the irrevocable trust account with Reliance Trust Company.

The current ARC rate is 12.74% of annual covered payroll. For the current year, East Carolina Behavioral Health contributed \$0, or 0%, of annual covered payroll. East Carolina Behavioral Health has a self-funded insurance plan with a third-party administrator for healthcare coverage. East Carolina Behavioral Health's obligation to contribute to the Plan is established and may be amended by East Carolina Behavioral Health's Board.

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

c. Other Postemployment Benefits (Continued)

Plan Description. In addition to providing pension benefits, East Carolina Behavioral Health has elected to provide healthcare benefits, through a single employer defined benefit plan, to specified retirees of East Carolina Behavioral Health who have at least twenty years of continuous service with the North Carolina Local Governmental Employees' Retirement System (System), which the final 10 years of service must be with East Carolina Behavioral Health. Six participants have been grandfathered to be eligible with 10 years of employment due to a merger. Pre-65 coverage is the same as the sponsor's group health coverage for active employees. Medicare supplement and drug coverage are offered to post-65 retirees only with no spousal coverage offered. Retired employees meeting the criteria, discussed herein, will be provided hospitalization in the same manner as the active East Carolina Behavioral Health employees. East Carolina Behavioral Health pays 100% of the retiree premium costs. Pre-65 retirees can purchase coverage for their dependents at East Carolina Behavioral Health's group rates if they had dependent coverage at retirement. Per Board action, this benefit is no longer available for employees hired after July 1, 2007. The Board may amend the benefit provisions. A separate report was not issued for the plan.

Currently, 46 retirees and dependents are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2014, East Carolina Behavioral Health made payments for post-retirement health benefit premiums of \$169,142. East Carolina Behavioral Health has a self-funded health insurance plan with a third-party administrator.

Membership of the Plan consisted of the following at July 1, 2012, the date of the latest actuarial valuation:

	General Employees
Retirees and Dependents Receiving Benefits	46
Terminated plan members entitled to, but not yet receiving benefits	-
Active Plan Members	40
Total	<u>86</u>

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

c. Other Postemployment Benefits (Continued)

Summary of Significant Accounting Policies. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Contributions are recognized when due, and East Carolina Behavioral Health will provide the contributions to the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the Plan are financed through investment earnings.

Annual OPEB Cost and Net OPEB Obligation. East Carolina Behavioral Health's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Organization's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in East Carolina Behavioral Health's net OPEB obligation for the postemployment healthcare benefits:

Annual Required Contribution	\$ 203,100
Interest on Net OPEB Obligation	(239,700)
Adjustments to Annual Required Contribution	236,800
Annual OPEB Cost	<u>200,200</u>
Contributions Made	-
Increase in Net OPEB Obligation	<u>200,200</u>
Net OPEB Obligation (Asset), Beginning of Year	(5,325,700)
Net OPEB Obligation (Asset), End of Year	<u><u>\$ (5,125,500)</u></u>

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

c. Other Postemployment Benefits (Continued)

East Carolina Behavioral Health's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for 2014 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset)/ Obligation
2014	\$ 200,200	0.00%	\$ (5,125,500)
2013	186,900	0.00%	(5,325,700)
2012	466,700	1448.87%	(5,509,700)
2011	500,000	60.33%	785,071

Fund Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the plan was fully funded. The actuarial accrued liability for benefits was \$7,062,600, and the actuarial value of assets was \$6,718,300 resulting in an unfunded actuarial accrued liability (UAAL) of \$344,300. The covered payroll (annual payroll of active employees covered by the plan) was \$10,327,511, and the ratio of the UAAL to the covered payroll was 3.3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

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

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

c. Other Postemployment Benefits (Continued)

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expenses), which is the blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 2.50 percent inflation assumption. The medical cost trend rate varied between 10.00 and 5.00 percent. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at July 1, 2012 was 30 years.

d. Other Employment Benefits

East Carolina Behavioral Health has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "System") (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. East Carolina Behavioral Health has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. East Carolina Behavioral Health considers these contributions to be immaterial.

Employees have the option to continue group coverage for a maximum of 18 months if terminated or hours worked are reduced, causing an employee to be ineligible for coverage. An employee who is disabled may continue for an additional 11 months. Covered dependents have the option to continue group coverage for a maximum of 36 months if their coverage is terminated due to employee's death, divorce, or legal separation, employee's entitlement to Medicare, or a dependent child ceases to be a dependent under the terms of the group's coverage. As East Carolina Behavioral Health is generally self-insured, actual claims paid for former employees will be different than premiums paid by these former employees for coverage continuance, but no assessment of net cost of net benefit to East Carolina Behavioral Health has been calculated. These

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

d. Other Employment Benefits (Continued)

expenditures are recognized in the fiscal year the claims service date relates to and premiums are received for. Claims are paid weekly and premiums are paid at the beginning of each month of covered service.

Under East Carolina Behavioral Health's risk management program, the risk management program provides coverage for health insurance up to a maximum of \$40,000 for each individual claim. East Carolina Behavioral Health purchases commercial insurance for individual medical claims in excess of \$40,000 and aggregate claims in excess of \$1,000,000. Settled claims have not exceeded this commercial coverage in any of the last three fiscal years.

East Carolina Behavioral Health participates in the program and makes payments to the risk management program based on actuarial estimates of the amounts needed to pay prior-and current-year claims and to establish a reserve for catastrophe losses. Amounts withheld from employees and the East Carolina Behavioral Health's general funds are available to pay claims, claim reserves, and administrative costs of the program. The claims liability of \$169,142 reported in the General Fund at June 30, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the reported liability since July 1, 2002 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2002-2003	\$ 150,000	\$ 1,171,501	\$ 1,151,501	\$ 170,000
2003-2004	170,000	1,105,591	1,110,591	165,000
2004-2005	165,000	735,296	765,296	135,000
2005-2006	135,000	352,080	452,080	35,000
2006-2007	35,000	144,472	161,472	18,000
2007-2008	18,000	409,067	405,055	22,012
2008-2009	22,012	415,019	422,022	15,009
2009-2010	15,009	444,741	404,949	54,801
2010-2011	54,801	606,696	618,974	42,523
2011-2012	42,523	1,170,647	1,039,070	174,100
2012-2013	174,100	1,380,950	1,379,620	175,430
2013-2014	175,430	2,186,228	2,192,516	169,142

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

3. Risk Management

The Organization is exposed to various risks of losses related to torts; malpractice; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization carries commercial insurance to cover substantially all risks of loss. The Organization obtains commercial general liability and professional liability coverage of \$5,000,000 in the aggregate with a \$3,000,000 limit per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up the statutory limits, director's and officers' insurance of \$2,000,000 per policy period.

East Carolina Behavioral Health carries flood insurance with amounts of coverage of \$669,100 for buildings and \$94,100 for contents in the Hertford and Camden offices. There is a \$1,000 deductible for each.

The Organization 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 past three fiscal years.

In accordance with G.S. 159.29, the Organization's employees that have access to \$100 or more at a given time of the Organization's funds are performance bonded through a commercial surety bond. The Chief Executive Officer, the Assistant Director of Administration, and the Finance Director are individually bonded for \$100,000. The remaining employees that have access to funds are covered under a blanket bond of \$250,000 with a deductible of \$1,000.

4. Contingent Liabilities

From time to time, the Organization is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Organization's financial position or results of operations.

5. Long-Term Obligations

As of June 30, 2014, the long-term debt of the Organization consisted of the following:

Accrued Compensated Absences:	
Non-Current Portion	<u>\$ 731,732</u>

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

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

	<u>Balance July 1, 2013</u>	<u>Net Increase (Decrease)</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due within One Year</u>
Compensated Absences	\$ 785,037	\$ 171,695	\$ 956,732	\$ 225,000

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

NOTE 3 SUMMARY DISCLOSURES OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Non-Cancellable Operating Leases

The Organization leases certain operating facilities under non-cancellable operating leases. Future lease payments due under these leases subsequent to June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 448,821
2016	411,649
2017	281,995
2018	139,117
2019	42,190
	<u>\$ 1,323,772</u>

Total rent expense for all operating leases amounted to \$352,519 for the year ended June 30, 2014.

FEDERAL AND STATE ASSISTANCE PROGRAMS

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

**EAST CAROLINA BEHAVIORAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 ADOPTION OF NEW ACCOUNTING GUIDANCE

The Organization implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The Organization also adopted GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, which did not have any impact on the presentation of the financial statements.

**REQUIRED SUPPLEMENTARY FINANCIAL DATA
(ADDITIONAL INFORMATION REQUIRED BY
GOVERNMENTAL ACCOUNTING STANDARDS BOARD)**

- **SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**
- **SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS**

**EAST CAROLINA BEHAVIORAL HEALTH
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ 6,718,300	\$ 7,062,600	\$ 344,300	95.13%	\$ 10,327,516	3.3%
7/1/2011	-	6,800,900	6,800,900	0.00%	3,662,866	185.7%
7/1/2009	-	6,066,000	6,066,000	0.00%	2,994,840	202.5%

**EAST CAROLINA BEHAVIORAL HEALTH
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2014**

Year Ended June 30 (b)	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	\$ 203,100	0.00%
2013	186,900	0.00%
2012	466,700	1448.87%
2011	500,000	60.33%
2010	479,000	39.25%

IN 2016, APPROXIMATELY 1.2% OF THE
TOTAL MEDICAL ASSISTANCE REPORTING
WAS FOR THE FOLLOWING CATEGORIES:
- 1.2% OF THE TOTAL REPORTING WAS FOR THE
- 1.2% OF THE TOTAL REPORTING WAS FOR THE

**SUPPLEMENTAL SCHEDULES
FOR
NC DIVISION OF MEDICAL ASSISTANCE REPORTING**

**EAST CAROLINA BEHAVIORAL HEALTH
SUPPLEMENTAL SCHEDULE
BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED ACCRUAL BASIS
JUNE 30, 2014**

ASSETS

Cash and Cash Equivalents	\$ 87,512,290
Restricted Cash and Cash Equivalents	8,017,406
Accounts Receivable, Net of Allowance for Uncollectible Accounts and Contractual Allowances	4,762,488
Prepaid Expenses and Deposits	2,397,269
Total Assets	<u>\$ 102,689,453</u>

LIABILITIES

Accounts Payable and Accrued Expenses	4,079,844
Liability for Claims Incurred, but not Reported	13,962,142
Total Liabilities	<u>18,041,986</u>

FUND BALANCES

Nonspendable	2,397,269
Restricted:	
Stabilization of State Statute	4,762,488
Medicaid Risk Reserve	8,017,406
Pugh Memorial	18,602
Committed	16,391,220
Unassigned	53,060,482
Total Fund Balances	<u>84,647,467</u>
Total Liabilities and Fund Balances	<u>\$ 102,689,453</u>

Amounts Reported in the Statement of Net Position are Different Because:

Fund Balance	\$ 84,647,467
Capital Assets Used in Governmental Activities are not Financial Resources and therefore, are not Reported in the Funds	3,154,443
Net Pension Asset	5,125,500
Liability for Compensated Absences is not Due and Payable in the Current Period and therefore, is not Reported in the Fund	(956,732)
	<u>\$ 91,970,678</u>

See accompanying Notes to Supplemental Schedules.

**EAST CAROLINA BEHAVIORAL HEALTH
SUPPLEMENTAL SCHEDULE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – MODIFIED ACCRUAL BASIS
YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
State & Federal	\$ 43,955,942	\$ 44,542,031	\$ 42,939,641	\$ (1,602,390)
Local	1,879,820	1,822,951	1,889,239	66,288
Medicaid	179,599,578	164,784,974	176,910,912	12,125,938
Other Income	662,950	945,350	1,149,711	204,361
Total Revenues	<u>226,098,290</u>	<u>212,095,306</u>	<u>222,889,503</u>	<u>10,794,197</u>
EXPENDITURES				
Personnel	18,559,662	17,276,844	15,266,934	2,009,910
Professional Services	2,116,000	1,838,400	1,872,186	(33,786)
Supplies	155,200	108,100	69,288	38,812
Current Obligations	2,117,000	2,376,000	1,809,979	566,021
Fixed Expenses	2,119,956	2,163,656	2,142,065	21,591
Capital Outlay	290,000	210,000	164,116	45,884
Contracts	200,456,972	195,472,306	177,009,331	18,462,975
Other Expenses	283,500	50,000	392,542	(342,542)
Total Expenditures	<u>226,098,290</u>	<u>219,495,306</u>	<u>198,726,441</u>	<u>20,768,865</u>
Revenues Over Expenditures Before Other Financing Sources	-	(7,400,000)	24,163,062	31,563,062
Unappropriated Fund Balance	-	7,400,000	-	7,400,000
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	24,163,062	<u>\$ 38,963,062</u>
Fund Balance - Beginning			60,484,405	
FUND BALANCE - ENDING			<u>\$ 84,647,467</u>	

See accompanying Notes to Supplemental Schedules.

**EAST CAROLINA BEHAVIORAL HEALTH
SUPPLEMENTAL SCHEDULE RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS –
MODIFIED ACCRUAL BASIS TO THE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
JUNE 30, 2014**

Net Changes in Fund Balances - Total Governmental Funds	\$ 24,163,062
---------------------------------------------------------	---------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(494,560)
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Expenses related to compensated absences in the statement of activities that do not require current financial resources are not reported as expenses in the funds.	(171,695)
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Expenses related to other postemployment benefits in the statement of activities that do not require current financial resources are not reported as expenses in the funds.	(200,200)
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Book value of disposed capital assets.	<u>(382,633)</u>
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Change in Net Position	<u>\$ 22,913,974</u>
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See accompanying Notes to Supplemental Schedules.

**EAST CAROLINA BEHAVIORAL HEALTH
SCHEDULE OF COMMITTED FUND BALANCES
JUNE 30, 2014**

General Medicaid Risk Reserve	\$ 15,000,000
Capital Equipment	1,000,000
Building Sales Proceeds	391,220
	<u>\$ 16,391,220</u>

See accompanying Notes to Supplemental Schedules.



THE GOVERNMENT OF ONTARIO
MINISTRY OF REVENUE
100 KING STREET WEST, TORONTO, ONTARIO M5X 1C2
TEL: (416) 325-2600 FAX: (416) 325-2601

Ontario
Revenue
100 King Street West
Toronto, Ontario M5X 1C2
Tel: (416) 325-2600
Fax: (416) 325-2601

The Ontario Revenue Authority is a Crown corporation established in 1997 to collect and administer the Ontario tax system. It is responsible for the collection and administration of the Ontario tax system, including the Ontario Income Tax, the Ontario Sales Tax, and the Ontario Property Tax. The Authority also provides information and assistance to taxpayers.

Compliance Section

The Compliance Section is responsible for ensuring that taxpayers comply with their tax obligations. This includes identifying and pursuing non-compliance, assessing the risk of non-compliance, and taking appropriate action to ensure compliance. The section also provides information and assistance to taxpayers regarding their tax obligations.

The Compliance Section is organized into several units, each responsible for a specific area of compliance. These units include the Ontario Income Tax Unit, the Ontario Sales Tax Unit, and the Ontario Property Tax Unit. Each unit is responsible for identifying and pursuing non-compliance in its respective area.

The Compliance Section is a key part of the Ontario Revenue Authority's operations. It plays a vital role in ensuring that the Ontario tax system is fair and equitable for all taxpayers. The section's work is essential to the province's revenue base and its ability to fund its programs and services.



CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

**INDEPENDENT AUDITORS' 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 Area Board of Directors
East Carolina Behavioral Health
Greenville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of East Carolina Behavioral Health (the "Organization"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated November __, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

“DRAFT ONLY”
CliftonLarsonAllen LLP

Charlotte, North Carolina
November __, 2014



CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Area Board of Directors
East Carolina Behavioral Health
Greenville, North Carolina

Report on Compliance for Each Major Federal and State Program

We have audited East Carolina Behavioral Health's (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014. The Organization's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Organization's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission. Those standards, OMB Circular A-133 and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission 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 and state program occurred. An audit includes examining, on a test basis, evidence about East Carolina Behavioral Health's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133 and the Audit Manual for Governmental Auditors in North Carolina. Accordingly, this report is not suitable for any other purpose.

“DRAFT ONLY”

CliftonLarsonAllen LLP

Charlotte, North Carolina
November __, 2014

**EAST CAROLINA BEHAVIORAL HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant deficiencies 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 deficiencies identified
that are not considered to be material weaknesses? ___yes X none reported

Noncompliance material to financial statements noted? ___yes X no

Type of auditors' report issued on compliance for major Federal programs: Unmodified.

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:

CFDA Numbers	Names of Federal Program or Cluster
93.667	Social Services Block Grant
93.958	Block Grant for Community Mental Health Services
93.959	Block Grant for Prevention and Treatment of Substance Abuse

The above programs are tested as part of a state identified unit cost cluster.

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

Auditee qualified as low-risk auditee? X yes ___no

**EAST CAROLINA BEHAVIORAL HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)

STATE AWARDS

Internal Control over major State programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Noncompliance material to State awards? yes no

Type of auditors’ report issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? yes no

Identification of major State programs:

Program Name

Single Stream Funding
LME Administrative Funding
Crisis Services-Local Psych Inpatient

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION V – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None reported.

**EAST CAROLINA BEHAVIORAL HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014**

		<u>Federal Expenditures</u>	<u>State Expenditures</u>
Federal Awards			
<u>U.S. Department of Housing and Urban Development</u>			
Shelter Plus Care	14.238	\$ 144,309	
Continuum of Care	14.267	464,546	\$ -
Total U.S. Department of Housing and Urban Development		<u>608,855</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Substance Abuse and Mental Health Service Administration</u>			
Passed-Through the NC Dept. of Health and Human Services:			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Block Grant for Community Mental Health Services - Community Based Program-Mental Health	93.958	1,222,123	-
Social Service Block Grant - Community Based Programs Intellectual and Developmental Disabilities	93.667	104,287	-
Block Grant for Prevention and Treatment of Substance Abuse - Community Based Programs-Substance Abuse	93.959	4,730,186	-
Total U.S. Department of Health and Human Services		<u>6,056,596</u>	<u>-</u>
Total Federal Awards and State Matches		6,665,451	-
State Awards			
NC Department of Health and Human Services			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Single Stream Line Funding		-	29,340,290
Crisis		-	3,144,118
LME Administrative Funding		-	3,965,628
Total Division of Mental Health, Developmental Disabilities and Substance Abuse Services:		<u>-</u>	<u>36,450,036</u>
Total State Awards		-	<u>36,450,036</u>
Total Federal and State Awards		<u>\$ 6,665,451</u>	<u>\$ 36,450,036</u>

**EAST CAROLINA BEHAVIORAL HEALTH
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014**

Basis of Presentation

The accompanying schedule of expenditures of Federal and state awards includes the Federal and state grant activity of East Carolina Behavioral Health 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

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CONSOLIDATION AGREEMENT

THIS AGREEMENT (this "Agreement") is made effective as of the 16th day of December, 2014 by and between CoastalCare (CC), a multi-county area mental health, developmental disabilities and substance abuse program with a catchment area that currently includes the North Carolina counties of Brunswick, Carteret, New Hanover, Onslow and Pender, and East Carolina Behavioral Health (ECBH), a multi-county area mental health, developmental disabilities, and substance abuse program with a catchment area that currently includes the North Carolina counties of Beaufort, Bertie, Camden, Chowan, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, Northampton, Pamlico, Pasquotank, Perquimans, Pitt, Tyrell and Washington.

RECITALS:

A. CC and ECBH are of the belief that it is in their respective best interests and the individuals served by them to combine their catchment areas and to merge their programs into a single, comprehensive program operated by and under New Organization (defined below) (the "Merger"). CC and ECBH intend to structure this Merger in a manner that will allow the entity surviving the merger to maintain URAC Accreditation and the North Carolina 1915 (b) (c) Medicaid Waiver program and to amend this Agreement if necessary in order to ensure maintenance of accreditation and the waiver program.

B. The execution and delivery of this Agreement has been duly authorized by the respective Area Boards of CC and ECBH.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I MERGER TRANSACTION

1.1 Purposes for the Merger. The purposes for the Merger are to (i) combine the catchment areas of CC and ECBH and to merge their programs into a single, comprehensive and cost efficient program; (ii) assure the continued delivery of high quality, cost-effective mental health, developmental disabilities, and substance abuse services to consumers who are citizens of the above named twenty four counties and (iii) deliver an enhanced system of care that can sustain the North Carolina 1915 (b) (c) Medicaid Waiver program in the twenty four affected counties.

1.2 The Merger; New Organization. At the Effective Time (as defined in Section 2.1), the programs of CC and ECBH shall be merged into a single entity in accordance with the terms of this Agreement. Thereafter, the combined programs of CC

and ECBH shall exist as a single entity hereinafter sometimes referred to as “**New Organization.**” Immediately following the Merger, CC shall cease to exist as an independent entity separate from New Organization. Moreover, immediately following the Merger, New Organization shall maintain any other essential elements in place in ECBH prior to the Merger, which are required to continuously maintain URAC accreditation for the New Organization including, but not limited to, maintenance of the federal tax identification number of ECBH.

1.3 Effect of Merger. On and after the Effective Time and by reason of the Merger, New Organization shall possess: (i) all the rights, privileges, immunities, powers and purposes of CC and ECBH; (ii) all real, personal, tangible and intangible assets and properties of CC, including without limitation (a) Accounts Receivable; (b) the Fund Balance as defined below and shown in Schedule 5.5; (c) the Contracts listed in Schedule 5.12 A and B; (d) the vehicles, furniture, fixtures, equipment, and other fixed assets set forth in Schedule 1.3A and (e) any real property shown in Schedule 5.6; (iii) all real, personal, tangible and intangible assets and properties of ECBH, including without limitation (a) Accounts Receivable; (b) the Fund Balance as defined below and shown in Schedule 5.5; (c) the Contracts listed in Schedule 5.12 A and B; (d) the vehicles, furniture, fixtures, equipment, and other fixed assets set forth in Schedule 1.3A and (e) any real property shown in Schedule 5.6. New Organization shall assume and be liable for all the liabilities and obligations of CC and ECBH, except to the extent to which any pre-merger liability or obligation is covered by any insurance maintained by CC or ECBH, as provided in Section 4.3. No liability or obligation due or to become due, claim or demand for any cause existing against CC or ECBH, or any officer or director of CC or ECBH, shall be released or impaired by the Merger, and no action or proceeding, whether civil or criminal, then pending by or against CC or ECBH, or any officer or director of CC or ECBH, shall abate or be discontinued by the Merger, but may be enforced, prosecuted, settled or compromised as if the Merger had not occurred, or New Organization may be substituted in any such action or special proceeding in place of CC or ECBH.

At or prior to the Closing, as hereinafter defined, CC and ECBH agree to execute, secure, deliver and file such deeds, bills of sale, assignments, transfers of title, assumption agreements, consents, authorizations and documents as shall be appropriate or necessary to give full effect to the Merger or as otherwise required by this Agreement or applicable law.

“**Fund Balance**” shall refer to the restricted and unrestricted funds of CC or ECBH.

ARTICLE II
CLOSING DATE AND EFFECTIVE TIME OF MERGER

2.1 Effective Time of the Merger. Subject to the terms and conditions hereof, the Merger shall be effective at 12:01 a.m. on July 1, 2015, or at such earlier time and date as the area boards of the parties may mutually agree in writing (the “Effective Time”).

2.2 Closing. The closing of the Merger (the “Closing”) shall take place on or before July 1, 2015 or such earlier date as the area boards of the parties agree (the “Closing Date”), and shall be conducted in such manner as the parties agree, including by the transmission of executed signature pages by facsimile or electronic mail with the originals of such signature pages to be delivered the following day by overnight courier.

ARTICLE III
NEW ORGANIZATION

3.1 Name of New Organization; Headquarters and Offices. At the Effective Time of the Merger, the New Organization shall have a new name that is mutually acceptable to the area boards of the parties. New Organization shall have its principal administrative office in Greenville, North Carolina, and shall maintain offices in Ahoskie, Camden, Greenville, Jacksonville and Wilmington. The location of the principal office and the cities in which any satellite offices are located shall be determined by the Area Director of New Organization, subject to approval by the Area Board of New Organization.

3.2 Bylaws; Other Governing Documents. As of the Effective Time, the Bylaws attached hereto as Schedule 3.2 shall be the Bylaws of New Organization until thereafter revoked or amended by the Area Board of New Organization, in accordance with Chapter 122C of the North Carolina General Statutes (the “Act”). The Area Board of New Organization shall adopt such other governing documents as it deems necessary and appropriate, not inconsistent with the Act.

3.3 Directors. Effective as of the Effective Time, the governing body of New Organization shall be comprised of appointed individuals (the “Area Board”), with each of such persons to serve in such capacity in accordance with the Bylaws of New Organization and the Act.

It is the intent of the parties to stagger the terms of the Area Board members to accomplish continuity and the sharing of institutional knowledge. After the initial Area Board members have fulfilled their staggered terms in the manner set forth in the Bylaws, the term of each member shall be three (3) years.

Following the initial composition of the Area Board, members shall be appointed according to the Bylaws in a manner consistent with the provisions of N.C. Gen. Stat. §122C-118.1.

3.4 Area Director. As of the Effective Time, the individual then serving as area director of ECBH shall become the Area Director of New Organization and shall serve at the pleasure of the Area Board and carry out the provisions of N.C. Gen. Stat. § 122C-111 and all duties delegated by the Area Board of New Organization. Additional rights and obligations of the Area Director shall be set forth by the Area Board.

3.5 Directors' and Officers' Insurance. As of the Effective Time, the Area Board of New Organization shall be covered under a Directors' and Officers' liability policy in an amount set by the Area Board. By the Closing Date, CC shall ensure appropriate "tail" coverage or extended reporting endorsement coverage is in place to cover the directors and officers of CC for any acts and/or omissions occurring prior to the Effective Time.

ARTICLE IV COVENANTS AND AGREEMENTS

4.1 Pre-Closing Covenants. CC hereby covenants as to CC, and ECBH hereby covenants as to ECBH, as follows (for purposes of this Article IV, each party refers to itself herein as "**Organization**"):

(a) Conduct of Business. During the period from the date hereof to the Closing Date, except as otherwise expressly provided in this Agreement, **Organization** will conduct its business only in the ordinary course of business and substantially in accordance with past practice and will use its commercially reasonable best efforts to maintain and preserve its business operations consistent with past practice. From and after the date hereof and prior to the Closing Date, except with the prior approval of the other party's Area Board, **Organization** will not (i) enter into any material transaction out of the ordinary course of business, (ii) enter into any contract to acquire any material assets of any firm, business or enterprise, adopt any plan of liquidation or dissolution, or enter into any agreement of merger, consolidation or reorganization other than this Agreement, (iii) sell, transfer, license, mortgage, pledge or subject to any lien, security interest or other charge, any of the material assets or properties of **Organization** other than liens which arise by operation of law or in the ordinary course of business which do not have a material adverse effect on the business or financial condition of **Organization**, or otherwise dispose of any material assets otherwise than in the ordinary course of business, or (iv) amend its Bylaws.

(b) Cooperation; Consents. Between the date of this Agreement and the Closing Date, **Organization** shall (i) take all reasonable actions necessary to consummate the Merger, including without limitation any actions required by applicable law and its Bylaws; (ii) use all commercially reasonable best efforts to cause the conditions to the other party's obligation to effect the Merger set forth in Article VI to be

satisfied; (iii) promptly apply for or otherwise seek, and use commercially reasonable efforts to obtain, all consents, waivers and approvals required to be obtained for the performance of this Agreement by **Organization** and to effect the Merger; and (iv) use all commercially reasonable best efforts to obtain all necessary consents, waivers and approvals otherwise required to vest in the New Organization all rights and benefits of **Organization** under its Contracts and Assets in connection with the Merger.

(c) Access. During the period from the date hereof to the Closing Date, **Organization** will give the other party hereto, its accountants, attorneys and other representatives reasonable access during normal business hours (upon reasonable prior notice) to copies of all of its Contracts, Permits and Licenses, documents of title, books and records, facilities, properties and assets. Any such inspections shall be conducted in a manner that does not interfere with the normal business operations of **Organization** or contravene any agreement of **Organization**. Any contact with employees, suppliers, insurers or patients shall be coordinated in advance through the designated representative of **Organization**.

(d) Notices to Employees. Between the date of this Agreement and the Closing Date, **Organization** shall, in consultation with the other party to this Agreement, give all notices and other information, if any, required to be given to its employees, under applicable law in connection with the Merger.

(e) Conduct of Organization between the Date Hereof and the Closing. Between the date of this Agreement and the Closing Date, **Organization** shall conduct its business in such a manner as to comply with the provisions of this Agreement and all representations, warranties, covenants or agreements of **Organization** contained herein, and **Organization** shall refrain from any activity that would result in a breach any of the representations, warranties, covenants or agreements of **Organization** set forth in this Agreement or would cause such representations and warranties to be untrue in any material respect as a result of such activity.

(f) Notification of Certain Matters. **Organization** shall promptly notify the other party to this Agreement of (i) the occurrence or non-occurrence of any event, the occurrence or non-occurrence of which causes or would be likely to cause any representation or warranty of **Organization** contained in this Agreement to be untrue or inaccurate at or prior to the Closing Date and (ii) any failure of **Organization** to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

(g) Update Disclosure Schedules. At all times prior to and including the Closing Date, **Organization** shall promptly provide the other party to this Agreement with written notification of any event, occurrence, amendment or other information of any kind whatsoever that affects, or may affect, the continued truth, correctness or completeness of any disclosure made by **Organization** in its Schedules. The information contained in **Organization's** Schedules at the time of its delivery, as modified by any supplement to such Schedules delivered by or on behalf of **Organization** prior to the

Closing, shall be deemed to be part of and qualify the relevant representations and warranties of **Organization** in this Agreement against which such disclosures are stipulated to have been made; *provided, however*, that no such supplement shall in any way amend, modify or supplement such Schedules or this Agreement for purposes of Section 6.1(a) or Section 6.2(a).

4.2 Continued Employment of Existing Employees. All full time, part time, or temporary employees currently working for CC or ECBH shall be given consideration for positions with New Organization in accordance with the Hiring Plan set forth in Schedule 4.2 attached hereto.

4.3 Insurance. Prior to the Effective Time, **Organization** will work with its existing liability and property insurers to insure, to the extent possible, that any claims relating to the pre-merger activities of **Organization** will continue to be covered by the pre-merger insurers of **Organization** after the Merger and will not become the responsibility of New Organization or its insurers. As of the Effective Time, New Organization shall have in place general liability, professional liability property, workers compensation, and other standard insurance policies to cover the tangible assets transferred in conjunction with the Merger and the ongoing liabilities of New Organization. To the extent **Organization's** insurers cannot provide continued coverage for the pre-Merger activities of **Organization**, New Organization will endeavor to secure coverage for such activities.

4.4 Cooperation in Contesting Litigation. If any administrative or judicial action or proceeding is instituted (or threatened to be instituted) challenging the Merger, each party to this Agreement shall cooperate with the other and use commercially reasonable best efforts to contest and resist any order that is in effect and that prohibits, prevents or restricts consummation of the Merger, unless by mutual agreement the parties decide that litigation is not in their respective best interests.

4.5 Fund Balance. It is acknowledged and agreed that the fund balance of **Organization** represents one of the most significant assets of **Organization** to be transferred to New Organization in connection with the Merger so that New Organization may commence operation with a fund balance adequate for its operating needs. All debts and liabilities of **Organization** incurred or accrued prior to the Effective Time shall, to the extent possible, be paid from **Organization's** fund balance by or on behalf of **Organization** at or prior to the Closing. The fund balances, both restricted and unrestricted, of **Organization** as of June 30, 2015, shall be transferred or otherwise made available to New Organization for its immediate use, and shall be subject to the final audit of **Organization** for the fiscal year ending June 30, 2015.

4.6 Compliance with Statutory Requirements. From the Effective Time, New Organization shall comply with all statutory and regulatory requirements applicable to multi-county area programs, including but not limited to the following:

(a) Program Budgets. Adoption and administration of the program budget in accordance with Chapter 159 of the General Statutes;

(b) Notification. Prior to the termination of this Agreement, written notification shall be sent to the Secretary of the N.C. Department of Health and Human Resources.

ARTICLE V REPRESENTATIONS AND WARRANTIES

CC hereby represents and warrants the following with respect to CC; and ECBH hereby represents and warrants the following with respect to ECBH (for purposes of this Article V, each party refers to itself herein as "Organization"):

5.1 Organization and Qualification. **Organization** is duly organized, validly existing and in good standing under the laws of the State of North Carolina and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

5.2 Authorization; Enforceability. **Organization** has full power and authority to execute, deliver and perform this Agreement and all agreements and transactions contemplated hereby. The execution, delivery and performance of this Agreement and all transactions contemplated hereby have been duly authorized by the Area Board of **Organization**, and such authorization has not been modified or amended, and such authorization is in full force and effect. This Agreement has been duly and validly executed and delivered by **Organization** and constitutes a legal, valid and binding obligation of **Organization**, enforceable against **Organization** in accordance with its terms.

5.3 No Violation or Conflicts. Except as provided on Schedule 5.3, the execution, delivery and performance of this Agreement or any document related hereto by **Organization** and the consummation by **Organization** of all of the transactions contemplated hereby will not (with or without the giving of notice or the lapse of time or both): (a) violate or require any consent or approval under any applicable provision of any order, writ, injunction, decree, rule, regulation or law; (b) require any consent under, conflict with, result in termination of, accelerate the performance required by, result in a breach of, constitute a default under, or otherwise violate the terms of any Contracts (as defined below) or any other agreements, instruments or obligations to which **Organization** is a party or by which it or its assets and properties are bound; (c) require any consent or approval by, notice to or registration with any governmental authority

other than those set forth in Section 6.1(e) or Section 6.2(e); or (d) violate any provision of its governing documents or Bylaws, as amended.

5.4 No Subsidiaries. **Organization** has no subsidiaries.

5.5 Fund Balances. The Fund Balance of **Organization** as of October 31, 2014 is as shown on Schedule 5.5. Between the date of the execution of this Agreement and the Closing Date, **Organization** shall not take any action outside the regular and ordinary course of its business to deplete its fund balance.

5.6 Real Property. **Organization** owns the real property and improvements listed on Schedule 5.6. Included in this list are properties for which the **Organization** does not hold title but has exclusive rights to said property.

5.7 Taxes. All sales, use, occupation, property, excise, Federal Insurance Contribution Act, payroll, other withholding taxes and other taxes (including interest and penalties), if any, payable by **Organization** or chargeable against the revenue or income of **Organization** (collectively, "Taxes"; each, a "Tax") have been fully paid or are not past due and are fully disclosed and accrued on the books and records of **Organization** as such relate to its business, and the proper amount of reserves exists for the payment thereof. **Organization** has timely filed all federal, state, local and other Tax returns and Tax reports, if any, required to be filed with respect to the business of **Organization** with the appropriate governmental authority. All such returns and reports are true, correct and complete, and all amounts shown as owing on them have been paid, including all interest, penalties, deficiencies and assessments, if any. **Organization** has duly withheld, collected and timely paid over or holds for such payment to the proper governmental authorities all Taxes required to be withheld or collected by it in connection with its business. No examination or audit of any Tax return or report of **Organization** by any applicable governmental or Tax authority is currently in progress.

5.8 Litigation. Except as set forth in Schedule 5.8 attached hereto, there is no litigation, action, suit, proceeding or governmental investigation pending or, to the knowledge of **Organization**, threatened against **Organization**, its business or any of its assets, at law or in equity or before any federal, state, municipal, local or other governmental authority, or before any arbitrator. **Organization** is not subject to any judgment, order, writ or decree of any court or other governmental authority.

5.9 Employee Plans.

(a) Listed on Schedule 5.9 are all Employee Plans (as defined below) and related documents, established, maintained or contributed to by **Organization**. The term "Employee Plan" shall include all plans described in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and also shall include, without limitation, any 401(k), 403(b), profit sharing, deferred compensation or retiree pension benefit plan; any health insurance, dental or welfare benefit plan; and any other similar fringe or employee benefit plan, program, policy, contract or arrangement, written

or oral, qualified or nonqualified, funded or unfunded, covering employees or former employees of **Organization** and maintained or contributed to by **Organization**. Each Employee Plan has been administered in material compliance with the terms of such Employee Plan, and the requirements of ERISA, the Internal Revenue Code and all other applicable laws.

(b) **Organization** has been and is now in compliance with the health care continuation coverage requirements of Section 4980B of the Code and Sections 601-608 of ERISA and any applicable state health care continuation coverage requirements. **Organization** has not made any promises or incurred any liability under any Employee Plan or otherwise to provide health or other welfare benefits to current or future retirees or other former employees of **Organization** except as specifically required by law.

5.10 Compliance with Laws. **Organization** has conducted its operations and business in compliance in all material respects with (a) all applicable laws, rules, regulations and codes (including, without limitation, any laws, rules, regulations and codes relating to discrimination, employee benefits, employment, wages and hours, health, fraud and abuse, safety, fire, building and zoning, and the environment), and (b) all applicable orders, rules, writs, judgments, injunctions, decrees and ordinances. **Organization** has not received any notification of any asserted present or past failure by it to comply in any material respect with such laws, rules or regulations, or such orders, writs, judgments, injunctions, decrees or ordinances.

5.11 Insurance. **Organization** maintains in effect the insurance coverage set forth on Schedule 5.11 attached hereto covering the assets and business of **Organization** and any liabilities relating thereto, and such insurance coverage shall be maintained by **Organization** through the Closing Date. Except as set forth on Schedule 5.11, (a) **Organization** has never filed a written application for any insurance coverage which has been denied by an insurance agency or carrier and (b) **Organization** has maintained any necessary professional malpractice insurance to cover any period during which **Organization** provided professional services to consumers. Schedule 5.11 also sets forth a list of all claims for any insured loss in excess of \$25,000 per occurrence filed by **Organization** during the three (3) year period immediately preceding the Closing Date, including, but not limited to, worker's compensation, general liability, and professional malpractice liability claims. **Organization** is not in material default with respect to any provision contained in any such policy and has not failed to give any notice or present any claim under any such policy in due and timely fashion.

5.12 Contracts. (a) Schedule 5.12A attached hereto identifies each MH/DD/SA services contracts, and (b) Schedule 5.12B identifies each other agreement, contract, lease (whether of real or personal property), commitment or arrangement of **Organization** in effect on the date of this Agreement (other than other contracts those terminable without significant monetary or other obligation, penalty or premium upon notice of thirty (30) days or less) (collectively, the "Contracts"). Each of the Contracts is valid and in full force and effect and there exists no material default or event of default by **Organization** or occurrence, condition, commitment or act (including the

consummation of the transactions contemplated hereby), which, with or without the giving of notice, the lapse of time or both, would cause a default or event of default thereunder. Each of the Contracts contains terms and conditions negotiated in good faith with independent third parties at arms-length.

5.13 Employment Matters. There are no controversies pending between **Organization** and any of its employees, including, without limitation, claims arising under any federal or state labor laws, which controversies have affected or may affect materially and adversely the business of **Organization**.

5.14 No Undisclosed Liabilities. **Organization** has, and at the Closing Date will have, no material debts, liabilities, commitments, or obligations of any nature, absolute, accrued, contingent or otherwise, relating to its business, other than those which (a) are fully reflected or reserved against on the Financial Statements (as defined in Section 5.15), (b) have been incurred in the ordinary course of business in amounts and for terms consistent, individually and in the aggregate, with the past practices of its business, or (c) have been specifically disclosed on Schedule 5.16 attached hereto.

5.15 Financial Statements. The audited balance sheet of **Organization** as of June 30, 2014 and the related, audited income statement of **Organization** for the twelve (12) months ended June 30, 2014, together with the unaudited balance sheet of **Organization** as of October 31, 2014 and the related, unaudited income statement of **Organization** for the four (4) months ended October 31, 2014 have been provided to the other party (collectively, the “**Financial Statements**”). The Financial Statements (a) are in accord with the books and records of **Organization**, which books and records are true, correct and complete, and (b) fully and fairly present the financial condition of **Organization** as of the date indicated and the results of operations of **Organization** for the period indicated.

5.16 Title to Assets. **Organization** has good and valid title to all assets, rights, interests and other properties, real, personal and mixed, tangible and intangible, owned by it (collectively, the “**Assets**”), free and clear of all liens, claims, and encumbrances, except those specified on Schedule 5.16 and liens for Taxes not yet due and payable. The Assets (a) constitute all of the property and assets that are necessary to permit the operation of the business of **Organization** as historically conducted, and (b) are suitable for the purpose for which they are currently used.

ARTICLE VI

CONDITIONS TO CONSOLIDATION

6.1 CC Merger Conditions. The obligation of CC to effect the Merger is subject to the satisfaction, or waiver in writing by CC, of each of the following conditions prior to the Closing (or such other time as specified below):

(a) Correctness of Representations and Warranties. All of the representations and warranties of CC contained in this Agreement shall be true and

correct in all material respects as of the date of this Agreement and as of the Closing Date as if made as of the Closing Date (without giving effect to any supplement to the Disclosure Schedule), except such representations, warranties and matters which are specifically limited by reference to an earlier date which shall be true and correct in all material respects as of such earlier date.

(b) Performance of Obligations. CC shall have performed and complied with all of the obligations, covenants and conditions required to be performed or complied with by it at or prior to the Closing.

(c) Delivery of Certified Copy of Resolutions. Upon execution of this Agreement, CC shall have provided ECBH with a copy of resolutions duly adopted by its Area Board approving the execution and delivery of this Agreement and all other necessary or proper action to enable CC to consummate the Merger.

(d) Adverse Change. There shall have been no material adverse change in the business, operations or condition, financial or otherwise, of CC from the date hereof to the Closing Date, and no event shall have occurred or circumstance exist that may, or could reasonably be expected to, result in such a material adverse change.

(e) Third-Party Consents. ECBH shall have been furnished with evidence reasonably satisfactory to it of the timely receipt or completion of the consents, approvals, orders, authorizations, registrations, declarations and filings from governmental authorities or third-parties whose consent or approval shall be required to effect the Merger, including all of the foregoing required under or from (1) any Contracts of CC; (2) the Secretary of the North Carolina Department of Health and Human Services; and (3) the Board of County Commissioners of the North Carolina counties that will be members of the New Organization.

(f) No Injunctions or Restraints. At the Effective Time, no preliminary or permanent injunction or other order issued by any governmental authority, nor any statute, rule, regulation, decree or executive order promulgated or enacted by any governmental authority, which declares this Agreement invalid in any respect or prevents the consummation of the Merger, shall be in effect, and no action or proceeding before any governmental authority shall have been instituted or threatened by any governmental authority or by any third party which seeks to prevent or delay the consummation of the Merger or which challenges the validity or enforceability of this Agreement.

6.2 ECBH Merger Conditions. The obligation of ECBH to effect the Merger is subject to the satisfaction, or waiver in writing by ECBH, of each of the following conditions by the date indicated:

(a) Correctness of Representations and Warranties. All of the representations and warranties of ECBH contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made as of the Closing Date (without giving effect to any supplement to the

Disclosure Schedule), except such representations, warranties and matters which are specifically limited by reference to an earlier date which shall be true and correct in all material respects as of such earlier date.

(b) Performance of Obligations. ECBH shall have performed and complied with all of the obligations, covenants and conditions required to be performed or complied with by it at or prior to the Closing.

(c) Delivery of Certified Copy of Resolutions. Upon execution of this Agreement, ECBH shall have provided CC with a copy of resolutions duly adopted by its Area Board approving the execution and delivery of this Agreement and all other necessary or proper corporate action to enable ECBH to consummate the Merger.

(d) Adverse Change. There shall have been no material adverse change in the business, operations or condition, financial or otherwise, of ECBH from the date hereof to the Closing Date, and no event shall have occurred or circumstance exist that may, or could reasonably be expected to, result in such a material adverse change.

(e) Third-Party Consents. CC shall have been furnished with evidence reasonably satisfactory to it of the timely receipt or completion of the consents, approvals, orders, authorizations, registrations, declarations and filings from governmental authorities or third-parties whose consent or approval shall be required to effect the Merger, including all of the foregoing required under or from (1) any Contracts of ECBH; and (2) the Secretary of the North Carolina Department of Health and Human Services.

(f) No Injunctions or Restraints. At the Effective Time, no preliminary or permanent injunction or other order issued by any governmental authority, nor any statute, rule, regulation, decree or executive order promulgated or enacted by any governmental authority, which declares this Agreement invalid in any respect or prevents the consummation of the Merger, shall be in effect, and no action or proceeding before any governmental authority shall have been instituted or threatened by any governmental authority or by any third party which seeks to prevent or delay the consummation of the Merger or which challenges the validity or enforceability of this Agreement.

ARTICLE VII TERMINATION

This Agreement may be terminated and the Merger abandoned by either party prior to January 1, 2015 or, in the event that the Secretary of the North Carolina Department of Health and Human Services formally notifies the parties that the request to merge the two agencies has been rejected, on the date of said notification. Thereafter, prior to the Closing Date, this Agreement can only be terminated and the Merger abandoned by mutual written consent of both parties acting through their Area Boards.

ARTICLE VIII
MISCELLANEOUS

8.1 Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

8.2 Waivers. Any failure by any party to this Agreement to comply with any of its obligations, agreements or covenants hereunder may be waived by the other party. No party will be deemed as a consequence of any act, delay, failure, omission, forbearance or other indulgences granted from time to time by such party (a) to have waived, or to be estopped from exercising, any of its rights or remedies under this Agreement, or (b) to have modified, changed, amended, terminated, rescinded, or superseded any of the terms of this Agreement, unless such waiver, modification, amendment, change, termination, rescission, or supersession is express, in writing and signed by the party to be bound thereby.

8.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on the date delivered if delivered personally, on the business day after the date sent if sent by overnight commercial delivery or local courier, on the third business day after the date of dispatch if mailed by local registered mail (return receipt requested) or on the date transmitted if sent via facsimile (with confirmation of receipt generated by the transmitting machine) to the parties to this Agreement at the following address (or at such other address for a party as shall be specified by like notice):

(a) If to CC:

CoastalCare
Attention: Foster Norman, Area Director
3809 Shipyard Blvd.
Wilmington, North Carolina 28403

(b) If to ECBH:

East Carolina Behavioral Health
Attention: Leza Wainwright, Area Director
1708 East Arlington Blvd.

8.4 Applicable Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of North Carolina.

8.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature pages; all of such signature pages will be read as though one and they will have the same force and effect as though all of the signers had signed a single signature page. Any facsimile or emailed signature attached hereto will be deemed to be an original and will have the same force and effect as an original signature.

8.6 Assignment. This Agreement may not be assigned, in whole or in part, by any party without the prior written consent of the other parties.

8.7 Binding Effect; Benefits. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns; provided, however, that nothing in this Agreement shall be construed to confer any rights, remedies, obligations or liabilities on any person other than the parties hereto or their respective successors and permitted assigns.

8.8 Entire Agreement. This Agreement, together with the exhibits and schedules hereto which are incorporated herein by this reference, embodies the entire agreement and understanding of the parties hereto and supersedes any prior agreement or understanding between the parties with respect to the subject matter of this Agreement. All exhibits and schedules referenced in this Agreement, including without limitation the Schedules of CC and ECBH, are incorporated herein by reference as if fully set forth herein.

8.9 Amendment. This Agreement cannot be amended or terminated orally, but only by a writing duly executed by the parties hereto. The parties acknowledge that one of the essential requirements of the Merger is maintenance of URAC accreditation and continuation of the North Carolina 1915 (b) (c) Medicaid Waiver by the New Organization. The parties therefore agree to work constructively to enter into any amendment of this Agreement which is required to preserve such URAC accreditation.

8.10 Headings. Headings of the articles and sections in this Agreement are for reference purposes only and shall not be deemed to have any substantive effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective representatives duly authorized, as of the date first written above.

CoastalCare

By: _____
Print Name: _____
Title: _____

East Carolina Behavioral Health

By: _____
Print Name: _____
Title: _____

Schedule 1.3

Fixed Assets for CoastalCare attached.

Coastal Care
Fixed Asset Rollforward
6/30/2014

Asset #	Description	Useful Life	2014							Gain/Loss FY 2014		
			Cost Basis 6/30/2013	Additions	Retired as a negative # Retired in FY14	Cost Basis 6/30/2014	Accum Dep 6/30/2013	2014 Depreciation	Retired Asset Depreciation		Accum Dep 6/30/2014	Net Value 6/30/2014
1000	Security Boxes	20	8,005.00			8,005.00	4,902.78	399.97		5,302.75	2,702.25	
1001	Blinds	5	-			-	-	-		-	-	
1002	Security Onslow	10	-			-	-	-		-	-	
1003	Security Shipyard	7	33,859.15			33,859.15	1,616.13	4,835.13		6,451.26	27,407.89	
1004	Security Morehead	7	6,221.58			6,221.58	440.57	888.45		1,329.02	4,892.56	
1005	Security Jacksonville	7	7,482.44			7,482.44	529.86	1,068.50		1,598.36	5,884.08	
1006	Breakroom Card Swipes W/m	7		5,161.91		5,161.91	-	61.45		61.45	5,100.46	
2000	14x70 Modular	25	-			-	-	-		-	-	
2001	Kelly House/New Visions	25	171,061.24			171,061.24	88,947.52	6,638.13		95,785.65	75,275.59	
2002	Painting Kelly House	5	6,120.00			6,120.00	-	-		6,120.00	-	
2003	Paint Main Center	5	-			-	-	-		-	-	
2004	Respite House	25	95,387.92			95,387.92	56,912.35	3,813.08		60,725.43	34,662.49	
2005	Renovations Respite House	20	48,866.55			48,866.55	2,441.66	2,441.65		4,883.31	43,983.24	
2005-2	Water Damage 202 Dorchester	15		26,032.70		26,032.70	-	867.76		867.76	25,164.94	
2006	3809 Shipyard Blvd Bldg	25	3,370,554.10			3,370,554.10	134,733.57	134,733.57		269,467.14	3,101,086.96	
2007	HVAC Memorial Dr	10	35,000.00			35,000.00	9,072.85	3,531.12		12,603.97	22,396.03	
2008	HVAC 165 Center St	20	12,747.00			12,747.00	801.45	639.50		1,440.95	11,306.05	
2009	Tbe Main Center	5	21,475.25			21,475.25	-	-		21,475.25	-	
2010	Tile Detox Facility	5	19,040.00			19,040.00	-	-		19,040.00	-	
2011	Facility Upgrade	20	41,697.61			41,697.61	2,621.68	2,091.92		4,713.60	36,984.01	
2012	Generator	20	41,497.83			41,497.83	41,497.83	-		41,497.83	-	
2013	Tile Flooring Main Center	10	42,203.78			42,203.78	42,203.78	-		42,203.78	-	
2014	Painting Interior Main Ctr	10	20,275.00			20,275.00	20,275.00	-		20,275.00	-	
2015	Ductless HVAC System	15	57,420.00			57,420.00	314.40	3,825.21		4,139.61	53,280.39	
2015-2	HVAC Retrofit	15		54,425.00		54,425.00	-	3,628.33		3,628.33	50,796.67	
2016	1st Floor Renovations	15	305,602.19			305,602.19	5,075.71	20,358.61		25,434.32	280,167.87	
2017	2nd Floor Renovations	15	118,331.65			118,331.65	1,317.44	7,883.02		9,200.46	109,131.19	
2018	Handicap Door for Lobby	15		5,103.74		5,103.74	-	226.83		226.83	4,876.91	
3000	Ocean House Property 1323		10,055.85			10,055.85	-	-		-	10,055.85	
3001	Ocean House Property 1327		15,342.50			15,342.50	-	-		-	15,342.50	
3002	Respite House Land		39,607.08			39,607.08	-	-		-	39,607.08	
3003	Kelly House New Visions Land		73,520.70			73,520.70	-	-		-	73,520.70	
3004	3809 Shipyard Blvd Land		1,529,445.90			1,529,445.90	-	-		-	1,529,445.90	
4000	Modular Workstations	15	316,092.83			316,092.83	18,444.10	21,061.32		31,505.42	284,587.41	
4000-2	Modular Workstations	15		27,744.00		27,744.00	-	1,849.60		1,849.60	25,894.40	
4000-3	Modular Workstations	15		4,830.00		4,830.00	-	322.00		322.00	4,508.00	
4001	Training Room Furniture	7	36,270.00			36,270.00	2,568.42	5,179.48		7,747.90	28,522.10	
4001-2	Training Room Furniture	7		6,174.00		6,174.00	-	441.00		441.00	5,733.00	
5000	2007 Uplander	5	17,995.00		(17,995.00)	-	17,995.00	-	(17,995.00)	-	-	1,105.00
5001	2007 Uplander	5	17,995.00		(17,995.00)	-	17,995.00	-	(17,995.00)	-	-	2,555.00
5002	2007 Uplander	5	17,995.00		(17,995.00)	-	17,995.00	-	(17,995.00)	-	-	7,605.00
5003	2009 Chevrolet Malibu	5	18,965.00		(18,965.00)	-	17,284.47	1,680.53	(18,965.00)	-	-	2,105.00
5004	2009 Chevrolet Malibu	5	18,965.00		(18,965.00)	-	17,284.47	1,680.53	(18,965.00)	-	-	2,105.00
5005	1996 Ford Aerostar Van	5	14,780.00		(14,780.00)	-	14,780.00	-	(14,780.00)	-	-	4,605.00
5006	1997 Ford Taurus	5	14,648.00		(14,648.00)	-	14,648.00	-	(14,648.00)	-	-	5,105.00
5007	2000 Ford Taurus	5	16,521.00		(16,521.00)	-	16,521.00	-	(16,521.00)	-	-	4,105.00
5008	2000 Ford Taurus	5	16,521.00		(16,521.00)	-	16,521.00	-	(16,521.00)	-	-	1,605.00
5009	1996 Ford E 350 Wagon	5	14,780.00		(14,780.00)	-	14,780.00	-	(14,780.00)	-	-	1,105.00
5010	2000 Ford Taurus SW	5	16,521.00		(16,521.00)	-	16,521.00	-	(16,521.00)	-	-	2,205.00
5011	2003 Malibu	5	12,209.00		(12,209.00)	-	12,209.00	-	(12,209.00)	-	-	-
6000	IBM 660 Unix Server	5	147,718.00		(147,718.00)	-	147,718.00	-	(147,718.00)	-	-	-
6001	Cisco Ptx 515 Unvest	5	7,595.00		(7,595.00)	-	7,595.00	-	(7,595.00)	-	-	-
6002	W/Microsoft Nt Ser	5	9,095.00		(9,095.00)	-	9,095.00	-	(9,095.00)	-	-	-
6003	Software Virus Check	5	7,000.00		(7,000.00)	7,000.00	7,000.00	-	-	7,000.00	-	-
6004	Server BUH INBX236	5	5,815.00		(5,815.00)	-	5,815.00	-	(5,815.00)	-	-	-
6005	Admin Computer	5	82,752.00		(82,752.00)	-	82,752.00	-	(82,752.00)	-	-	-
6006	Video System	5	6,995.00		(6,995.00)	6,995.00	6,995.00	-	-	6,995.00	-	-
6007	Avatar Computer System	5	92,854.00		(92,854.00)	92,854.00	92,854.00	-	-	92,854.00	-	-
6008	Polycom V SX	5	5,100.00		(5,100.00)	5,100.00	5,100.00	-	-	5,100.00	-	-
6009	Polycom V SX	5	5,100.00		(5,100.00)	5,100.00	5,100.00	-	-	5,100.00	-	-

6010 IBM Server	5	15,561.00	(15,561.00)	-	15,561.00	-	(15,561.00)	-	-	-	
6011 Dell vCenter Server	5	104,914.94	-	104,914.94	69,943.25	17,485.85	-	87,429.10	17,485.84	-	
6012 Nortel Telephone System	10	22,304.20	(22,304.20)	-	17,097.54	2,042.76	(19,139.80)	-	-	(3,164.40)	
6013 Software House Int'l	5	-	-	-	-	-	-	-	-	-	
6014 Cisco Telephone System	5	147,753.74	-	147,753.74	147,753.74	-	-	147,753.74	-	-	
6015 Virtual Server (ESX) Dell 1950	5	5,870.26	-	5,870.26	4,776.22	1,094.04	-	5,870.26	-	-	
6016 Virtual Server (ESX1) Dell 1950	5	5,870.26	-	5,870.26	4,776.22	1,094.04	-	5,870.26	-	-	
6017 Storage Area Network EMC	5	-	-	-	-	-	-	-	-	-	
6018 Switch Cisco 3750 Switch	5	6,376.68	-	6,376.68	5,188.25	1,188.43	-	6,376.68	-	-	
6019 Network Firewall Cisco ASASS10	5	7,566.32	-	7,566.32	6,156.21	1,410.11	-	7,566.32	-	-	
6020 Software Midsize Accel Kt	5	14,584.84	-	14,584.84	11,866.55	2,718.29	-	14,584.84	-	-	
6021 IT Rack Enclosure	5	14,847.35	-	14,847.35	10,388.27	2,964.60	-	13,352.87	1,494.48	-	
6022 ADT Card Readers (4)	5	-	-	-	-	-	-	-	-	-	
6023 ADT Card Readers (3)	5	-	-	-	-	-	-	-	-	-	
6024 ADT Card Reader	5	-	-	-	-	-	-	-	-	-	
6025 Server MS Sharepoint	3	23,152.24	-	23,152.24	18,011.53	5,140.71	-	23,152.24	-	-	
6026 Cisco Switch w/catalyst	3	5,998.00	-	5,998.00	3,329.10	1,996.21	-	5,325.31	672.69	-	
6027 Power Edge w/components	3	-	-	-	-	-	-	-	-	-	
6028 Polycam Video Equip/Portable	3	14,063.00	-	14,063.00	5,469.70	4,688.42	-	10,158.12	3,904.88	-	
6029 Data Center Switches	5	96,956.60	-	96,956.60	9,610.70	19,380.70	-	28,991.40	67,965.20	-	
6030 Alpha Development/Imp	5	219,160.00	-	219,160.00	54,729.99	43,808.00	-	98,537.99	120,622.01	-	
6031 Data Center UPS System	5	50,000.00	-	50,000.00	9,145.67	9,994.52	-	19,140.19	30,859.81	-	
6032 Voice Over IP	5	45,497.53	-	45,497.53	6,801.20	9,094.52	-	15,896.72	29,600.81	-	
6033 Unified Communications GBO	5	16,847.97	-	16,847.97	3,367.75	3,367.75	-	6,735.50	10,112.47	-	
6034 Unified Communications	5	56,437.92	-	56,437.92	10,323.26	11,281.40	-	21,604.66	34,833.26	-	
6035 Unified Communications MHead	5	18,405.28	-	18,405.28	3,366.57	3,679.04	-	7,045.61	11,359.67	-	
6036 Unified Communications Wilm	5	82,710.54	-	82,710.54	15,128.87	16,533.05	-	31,661.92	51,048.62	-	
6037 xMedius Upgrade	5	18,047.21	-	18,047.21	3,301.08	3,607.46	-	6,908.54	11,138.67	-	
6038 Veremark Call Reporting	5	5,624.81	-	5,624.81	1,028.85	1,124.35	-	2,153.20	3,471.61	-	
6039 CallRex Reporting	5	10,651.44	-	10,651.44	1,948.29	2,129.12	-	4,077.41	6,574.03	-	
6040 Syn App Paging Solution	5	4,148.96	-	4,148.96	688.46	829.34	-	1,517.80	2,631.16	-	
6041 Data Center Virtual Server	5	505,972.76	-	505,972.76	16,902.70	101,139.33	-	118,041.83	387,930.93	-	
6042 SRM Licensing	3	5,857.34	-	5,857.34	326.00	1,950.67	-	2,276.67	3,580.67	-	
6043 Palmetto Microfilm Systems	5	-	5,245.00	5,245.00	-	174.83	-	174.83	5,070.17	-	
6044 Conf Room Equip	5	-	16,050.04	16,050.04	-	1,070.00	-	1,070.00	14,980.04	-	
Total		8,576,783.34	150,766.39	(488,735.20)	8,238,314.53	1,494,898.26	501,333.45	(485,570.80)	1,510,660.91	6,727,653.62	38,645.60

GI Totals

10-0000-1706-00-00	3000's Land	1,667,972.03	-	-	1,667,972.03	-	-	-	1,667,972.03	1,667,972.03	
10-0000-1707-00-00	1000's Equipment	55,568.17	5,161.91	-	60,730.08	7,489.34	7,253.50	-	14,742.84	45,987.24	451,840.91
10-0000-1701-00-00	2000's Buildings	4,407,280.12	85,561.44	-	4,492,841.56	452,850.49	190,878.73	-	643,729.22	3,849,112.34	4,492,841.56
10-0000-1501-00-00	Brunswick Lease	572,500.00	-	-	572,500.00	376,895.83	28,625.00	-	405,520.83	166,979.17	572,500.00
10-0000-1707-00-00	4000's Office Furn	352,362.83	38,748.00	-	391,110.83	13,012.52	28,853.32	-	41,865.84	349,244.99	-
10-0000-1703-00-00	5000's Vehicles	197,895.00	-	(197,895.00)	-	194,533.94	3,361.06	(197,895.00)	-	-	-
10-0000-1702-00-00	6000's Computer	1,895,205.19	21,295.04	(290,840.20)	1,625,660.03	827,011.97	270,986.84	(287,675.80)	810,323.01	815,337.02	1,625,660.03
10-0000-1805-00-00		7,480,811.31	150,766.39	(488,735.20)	7,142,842.50	1,871,794.09	529,958.45	(485,570.80)	1,916,181.74	5,226,660.76	(1,916,181.91)
										6,894,632.79	6,894,632.62

1 Fixed Assets purchased during FY 13 and FY 14 were purchased with LME Admin Funds.

DHf

0.17

2 Fixed Assets in red were retired in FY 14.

Schedule 1.3

Fixed Assets for East Carolina Behavioral Health attached.

Schedule 1.3 Fixed Assets

Book ID	Asset Class	Asset ID	Asset Description	Cost Basis	Place in Service Date	Original Life Years
INTERNAL	FURNITURE	449	CSM Computer System	\$101,366.50	12/1/1999	10
INTERNAL	FURNITURE	450	Mobile Filing System-Portable	\$29,296.87	6/1/1997	20
INTERNAL	FURNITURE	451	Additions to Phone System	\$34,612.66	3/1/1996	10
INTERNAL	FURNITURE	452	Gateway Server	\$23,700.00	10/1/1999	5
INTERNAL	FURNITURE	454	AOPEN Server w/ Software	\$20,872.00	3/1/2003	5
INTERNAL	FURNITURE	459	Gateway & Citrix Server	\$10,302.50	4/1/1900	5
INTERNAL	FURNITURE	460	Sprint Port Wall Mount/Cables	\$9,910.32	7/1/1999	10
INTERNAL	FURNITURE	461	Software Auto Enrollment	\$9,500.00	7/1/2006	3
INTERNAL	FURNITURE	465	CSM Development	\$8,021.90	7/1/1996	5
INTERNAL	FURNITURE	466	Software Carelink	\$7,500.00	7/1/2006	3
INTERNAL	FURNITURE	467	Cisco Router	\$6,763.27	6/1/2004	10
INTERNAL	FURNITURE	468	Cannon Printer-Digital Reader	\$6,690.00	10/1/2001	5
INTERNAL	FURNITURE	470	HSIS Software	\$5,750.00	7/1/1999	3
INTERNAL	FURNITURE	471	Cache Upgrade	\$5,400.00	6/1/2001	3
INTERNAL	FURNITURE	472	Computer Server	\$5,297.00	12/1/1999	5
INTERNAL	FURNITURE	2239	Computer System	\$1,195,671.00	7/1/2002	5
INTERNAL	FURNITURE	2240	Telephone System	\$32,189.62	7/1/2002	5
INTERNAL	FURNITURE	2277	Metaframe Presentation Server CMHC	\$8,712.15	3/1/2005	5
INTERNAL	FURNITURE	2279	Software Upgrade (4 payments)	\$383,530.87	7/1/2006	5
INTERNAL	FURNITURE	3101	CSM Software	\$39,920.00	7/1/2010	5
INTERNAL	FURNITURE	3193	Server CSMAPPS	\$7,938.42	7/1/2010	5
INTERNAL	FURNITURE	4875	Phone System-CICS	\$9,455.73	10/1/1999	10
INTERNAL	FURNITURE	4909	Image Card IV Printer	\$11,256.50	2/1/2001	10
INTERNAL	FURNITURE	5267	Poweredge 4600 Xeon	\$9,122.00	1/1/2002	5
INTERNAL	FURNITURE	5268	Powervault 122T	\$12,568.00	1/1/2002	5
INTERNAL	FURNITURE	5286	Poweredge 2650 Cache Xeon	\$6,934.50	6/1/2002	5
INTERNAL	FURNITURE	5287	Poweredge 2650 Cache Xeon	\$6,934.50	6/1/2002	5
INTERNAL	FURNITURE	5300	Phone System/Data Equipment	\$48,624.90	6/1/2003	10
INTERNAL	FURNITURE	5350	5-Ton Heat & Air Unit	\$5,860.00	4/1/2006	10
INTERNAL	FURNITURE	6204	Interactive Database	\$12,000.00	8/16/2007	6
INTERNAL	FURNITURE	6212	HIC Secure Access MGT	\$33,465.00	3/13/2008	6
INTERNAL	FURNITURE	6230	Polycom vxS 7000S IP	\$5,320.00	6/26/2008	10

INTERNAL FURNITURE 6231	Polycom vxs 7000S IP	\$5,320.00	6/26/2008	10
INTERNAL FURNITURE 6232	Polycom vxs 7000S IP	\$5,320.00	6/26/2008	10
INTERNAL FURNITURE 6233	Dell On-Site Upgrade Server	\$9,133.00	6/30/2008	6
INTERNAL FURNITURE 6243	Dell Powervault MC3000	\$16,467.80	6/30/2008	6
INTERNAL FURNITURE 6245	Embarq Update	\$11,914.97	6/12/2008	6
INTERNAL FURNITURE 6248	Embarq	\$41,180.00	6/12/2008	10
INTERNAL FURNITURE 6250	Xerox Copier 245H	\$6,000.00	7/1/2007	6
INTERNAL FURNITURE 6251	MS GSA 2007/2008	\$7,416.64	6/30/2008	6
INTERNAL FURNITURE 6267	Embarq Cisco 5.0	\$45,862.48	3/5/2009	10
INTERNAL FURNITURE 6268	Embarq Equipment & Software	\$24,532.06	4/2/2009	10
INTERNAL FURNITURE 6318	Software SYG Prot STE	\$5,142.50	8/19/2010	10
INTERNAL FURNITURE 6338	Server 12 Bay Dual Contr	\$12,894.23	9/30/2010	10
INTERNAL FURNITURE 6340	Chassis PE R710 56XX Pro	\$12,776.80	10/6/2010	10
INTERNAL FURNITURE 6368	GSA SQL SRV ENT 2008 R	\$5,885.26	4/28/2011	6
INTERNAL FURNITURE 6369	Dynamic BUS Essential	\$33,091.00	4/28/2011	6
INTERNAL FURNITURE 6373	Barracuda Message Archiver	\$7,983.23	5/5/2011	6
INTERNAL FURNITURE 6381	Software MS GSA Project	\$6,124.70	5/26/2011	6
INTERNAL FURNITURE 6382	Call Center Server	\$12,886.74	5/26/2011	6
INTERNAL FURNITURE 6383	DROBO 88001 8 Bay W/8	\$7,200.00	6/23/2011	6
INTERNAL FURNITURE 6389	Installation of Great Plains	\$17,956.36	6/2/2011	6
INTERNAL FURNITURE 6415	Liebert Nfinity 12KVA-20	\$20,101.30	6/27/2011	6
INTERNAL FURNITURE 8390	Chassis PE R710	\$7,600.64	9/8/2011	5
INTERNAL FURNITURE 8391	Chassis PE R710	\$7,600.64	9/8/2011	5
INTERNAL FURNITURE 8392	Chassis PE R710	\$7,600.64	9/8/2011	5
INTERNAL FURNITURE 8393	Dell Logic P6000E	\$51,215.86	9/8/2011	5
INTERNAL FURNITURE 8397	Software & License, Dell	\$34,434.27	9/8/2011	5
INTERNAL FURNITURE 8398	Install Cat 6 Plenum UTP Cable	\$5,718.89	9/27/2011	5
INTERNAL FURNITURE 8400	Call Center Cubicles w/Installation	\$22,015.61	9/15/2011	10
INTERNAL FURNITURE 8401	Work Center Cubicles w/Installation	\$12,702.20	9/15/2011	10
INTERNAL FURNITURE 8452	Microsoft Volume License	\$51,581.75	10/11/2011	5
INTERNAL FURNITURE 8457	Software License	\$18,618.50	12/13/2011	5
INTERNAL FURNITURE 8510	Symantec License	\$7,200.00	12/21/2011	5
INTERNAL FURNITURE 9314	Dell Equallogiv PS6100E	\$36,950.00	2/5/2013	5
INTERNAL FURNITURE 9315	Blade Server Enclosure	\$11,544.54	2/5/2013	5

INTERNAL FURNITURE 9316	Poweredge M620 Blade Server	\$10,210.85	2/5/2013	5
INTERNAL FURNITURE 9317	PowerConnect M8024 Managed Switch	\$6,361.56	2/5/2013	5
INTERNAL FURNITURE 9318	Powerconnect M8024 Managed Switch 10 gbe	\$5,797.67	2/5/2013	5
INTERNAL FURNITURE 9368	PowerConnect 48 gbe Managed Switch10GBE	\$5,797.67	2/5/2013	5
INTERNAL FURNITURE 9372	PowerConnect M8024 Managed Switch	\$6,361.56	2/5/2013	5
INTERNAL FURNITURE 9434	KACE 1100s Appliance	\$24,651.46	6/27/2013	10
INTERNAL FURNITURE 9435	Dell Power Edge M620 Blade Server	\$10,210.85	2/5/2013	5
INTERNAL FURNITURE 9436	Dell Power Edge M620 Blade Server	\$10,210.85	2/5/2013	5
INTERNAL FURNITURE 9437	Dell Power Edge M620 Blade Server	\$10,210.85	2/5/2013	5
INTERNAL FURNITURE 9438	Dell Power Edge M620 Blade Server	\$10,210.85	2/5/2013	5
INTERNAL FURNITURE 9439	Dell Power Edge M620 Blade Server	\$10,210.85	2/5/2013	5
INTERNAL FURNITURE 9534	Cubicles for Claims Department	\$16,422.36	10/10/2013	10
INTERNAL FURNITURE 9548	Dell Poweredge T620 Server	\$6,693.29	9/26/2013	5
INTERNAL FURNITURE 9624	Catalyst 3560x 48 port Switch for Claim	\$7,135.44	1/9/2014	10
INTERNAL FURNITURE 9625	Cisco UC Bundle Installation	\$21,624.09	1/9/2014	10
INTERNAL FURNITURE 10059	Poweredge T410 Chassis	\$5,166.69	1/13/2012	5
INTERNAL FURNITURE 10165	Generator	\$16,500.00	9/4/2012	5
INTERNAL FURNITURE 90491	CSM Software-AMHC	\$18,428.81	7/1/2010	1
INTERNAL FURNITURE 99001	FaxServer Software	\$14,495.00	2/10/2012	5
INTERNAL FURNITURE 99002	20 Cisco Phones	\$5,600.00	4/30/2012	7
INTERNAL FURNITURE 99003	Upgrade CenturyLink Phone System	\$49,160.21	6/19/2012	10
INTERNAL FURNITURE 99004	Phone System & Installation - Turnbury	\$12,284.94	6/19/2012	10
INTERNAL FURNITURE 99008	USB Server Interface	\$8,340.00	6/12/2012	10
INTERNAL FURNITURE 99009	65 Cisco Phones	\$18,340.00	9/8/2011	7
INTERNAL FURNITURE 99012	40 Cisco Phones	\$11,200.00	2/7/2012	7
INTERNAL FURNITURE 99027	Key Card System for Call Center	\$5,994.00	4/23/2013	10

Totals

\$ 3,032,078.67

Schedule 3.2

Bylaws of New Organization attached.

BY-LAWS
Area Authority

ARTICLE I

Name, Creation, and Purpose

Section 1. Name of Area Authority

_____ is the name of the multi-county Area Authority created to assist individuals with a need for mental health, developmental disability, and/or substance abuse services in the catchment area of Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Tyrrell, and Washington Counties of North Carolina (the "Area Authority"). The Area Authority is a local political subdivision of the State of North Carolina.

Section 2. Creation of the Area Authority

The Area Authority was formed by the Area Boards of CoastalCare and East Carolina Behavioral Health and has been approved by the Secretary of the North Carolina Department of Health and Human Services (NC DHHS).

Section 3. Purpose of the Area Authority

By virtue of powers contained in Chapter 122C of the North Carolina General Statutes, the Area Authority serves as a comprehensive planning, budgeting, implementation, and monitoring entity for community based mental health, developmental disabilities, and substance abuse programs in the catchment area of the Area Authority. The Area Authority shall operate as the Local Management Entity (LME).

ARTICLE II

Area Board

Except as otherwise provided by law or these By-Laws, the Area Authority shall be governed by the Area Board. All powers, duties, functions, rights, privileges, or immunities conferred on the Area Authority may be exercised by the Area Board. The size, composition, and tenure of the Area Board shall be consistent with Chapter 122-C of the North Carolina General Statutes.

Section 1. Responsibilities of Area Board

The Area Authority shall do all of the following through the Area Board:

- (1) Engage in comprehensive planning, budgeting, implementing, and monitoring of community-based mental health, developmental disabilities, and substance abuse services.
- (2) Ensure the provision of services to clients in the catchment area, including clients committed to the custody of the North Carolina Department of Juvenile Justice and Delinquency Prevention (NC DJJDP).
- (3) Determine the needs of the Area Authority's clients and coordinate with the NC DHHS Secretary and with the NC DJJDP the provision of services to clients through area and state facilities.
- (4) Develop plans and budgets for the Area Authority subject to the approval of the Secretary. The Area Authority shall submit the approved budget to the boards of county commissioners and the county managers of the represented counties and provide quarterly reports on the financial status of the program.
- (5) Assure that the services provided by the represented counties through the Area Authority meet the rules of the North Carolina Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services and the NC DHHS Secretary.
- (6) Comply with federal requirements as a condition of receipt of federal grants.
- (7) Appoint an Area Director in accordance with N.C. General Statute 122C-121(d).
- (8) Develop and submit to the board of county commissioners of the represented counties for approval; the business plan required under G.S. 122C-115.2. The boards of county commissioners of the represented counties shall jointly submit one approved business plan to the NC DHHS Secretary for approval and certification.
- (9) Perform public relations and community advocacy functions.
- (10) Recommend to the boards of county commissioners of the represented counties the creation of local program services.
- (11) Submit to the NC DHHS Secretary and boards of county commissioners of the represented counties, service delivery reports on a quarterly basis that assess the quality and availability of public services within the Area Authority's catchment area. The service delivery reports shall include the types of services delivered, number of recipients served, and services requested but not delivered due to staffing, financial, or other constraints. In addition, at least annually, a progress report shall be submitted to the NC DHHS Secretary and the boards of county commissioners of the represented counties. The progress report shall include an assessment of the progress in implementing local service plans, goals, and outcomes. All reports shall be in a format and shall contain any additional information required by the Secretary or boards of county commissioners.

- (12) Comply with any applicable: (i) laws and regulations and (ii) rules adopted by the Secretary for the development and submission of, and compliance with, the Area Authority Business Plan.
- (13) Coordinate with Treatment Accountability for Safer Communities for the provision of services to criminal justice clients.
- (14) Maintain a 24-hour a day, seven days a week crisis response service to include telephone and face-to-face capabilities.

Section 2. Appointment

Members of the Area Board shall be appointed in a manner consistent with Chapter 122C of the North Carolina General Statutes.

Any vacancy on the Area Board occurring prior to the expiration of the term of office shall be filled by the appointing authority. Vacancies on the Area Board shall be filled before the end of the term of the vacating member or within ninety (90) days of the event creating the vacancy, whichever occurs first, and such appointment shall be valid for the remainder of the unexpired term.

Section 3. Removal

A member may be removed with or without cause by the appointing authority.

Section 4. Attendance

The Area Board may declare vacant the office of an appointed member who does not attend at least three (3) scheduled meetings of the Area Board without justifiable excuse. The chair of the area board shall notify the appropriate appointing authority of any vacancy.

Section 5. Size of Area Board

The Area Board shall have

Section 6. Limitation on Representation on Board

The membership of the Area Board shall be composed as follows:

Section 7. Terms

Except as otherwise provided by law or these By-Laws, a term of membership on the Area Board shall begin on July 1 of the year of appointment and end on June 30th of the year of expiration, unless the member dies, resigns, or is removed from the Area Board, or the member is replacing someone who has died, resigned, or been removed.

The term of a member of the Area Board who is a county commissioner or county manager (if any), who is appointed to serve in such individual's official capacity, shall not extend beyond that individual's term as a county commissioner or county manager.

Section 8. Conditions for Area Board Membership

- (a) A member of the Area Board shall disclose if such member is related to any staff of the Area Authority. A member of the Area Board shall disclose if such individual works for (as an employee or independent contractor) or is an immediate family member of an individual who works for a provider with an existing contract with the Area Authority. An Area Board member shall not allow his or her personal interests (including professional affiliation) to result in a situation that causes him or her to have a conflict of interest. If, in the course of the members' service, any issue develops that could result in such member having a conflict of interest, clear disclosure of the relationship shall be made to the Area Board by the member. By law, Area Board members are prohibited from having any direct or indirect personal gain by favor of services or financial gain from any business transactions, assets, or leases of property with the Area Authority. Area Board members shall recuse themselves from any deliberations in respect to a matter for which the member has a conflict of interest.
- (b) All Area Board members shall be residents of a county in the Area Authority's catchment area. If an Area Board member relocates legal residence outside of said counties, his/her membership shall automatically terminate.
- (c) No employee, consultant, or person otherwise employed or reimbursed by the Area Authority shall be a voting member of the Authority Board or its committees, except as provided by NCGS 122C-118.1 (13).
- (d) All members of the Area Board shall receive initial orientation on responsibilities and training in fiscal management, budget development, and fiscal accountability. An Area Board members' refusal to participate in training shall be grounds for removal from the Board.

Section 9. Compensation of Area Board Members

- (a) Area Board members may receive as compensation for their services, per diem and a subsistence allowance for each day during which they are engaged in the official business of the Area Board. The amount of the per diem and subsistence allowances shall be established by the Area Board and the amounts shall not exceed those authorized by N.C. General Statute 138-6 (a) (3) for state officers and employees. Area Board members shall receive \$50.00 for attending meetings on behalf of the Area Authority.

- (b) Area Board members may be reimbursed for all necessary Area Authority business related travel expenses, registration fees, and mileage as approved by the Area Board Chairperson.

ARTICLE III
Meetings of the Area Board

Section 1. Regular Meetings

Regular meetings of the Area Board shall be held at a location and time designated by the Chairperson of the Area Board. Notice of the date, time, and place shall be sent to each Area Board member in the form of an Area Board agenda prior to the date of the meeting. The Area Board shall have no fewer than six (6) regular meetings in a calendar.

Section 2. Special Meetings

Special meetings of the Area Board shall be held at a location and time designated by the Chairperson of the Area Board. In addition, in the absence of action by the Chairperson of the Area Board to schedule a special meeting within forty-eight (48) hours after having received a written request to do so, a special meeting of the Area Board may be held at a location and time designated by written notice of at least three members of the Area Board. Advance notice of special meetings shall be sent to all members of the Area Board.

Section 3. Quorum

A quorum shall exist when there is a majority of members of the Area Board present at an official meeting.

Section 4. Conduct of Area Board Meetings

Area Board meetings shall be conducted under parliamentary procedures as described in Roberts Rules of Order, or in some other appropriate manner adopted by resolution of the Area Board.

Section 5. Order of Business

Generally, the Chairperson of the Area Board (or his/her designee) shall preside over the conduct of any meeting of the Area Board. The ordinary order of Area Board business shall be conducted as follows:

Call to Order

Public Comment

Approval of Minutes of Last Meeting

Area Board Chairperson's Report
Report of Committees
Report of Area Director
Old Business
Adjournment

Whenever appropriate and desirable, the Area Board member responsible for presiding over a meeting of the Area Board may conduct the meeting in an alternative manner, not inconsistent with law.

Section 6. Minutes

Unless an appropriate exception exists, a complete and accurate record of all Area Board meetings of the Area Board shall be maintained in the form of written minutes. These minutes shall be kept on file and made available for inspection upon request to interested members of the community or to the North Carolina Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Copies of the minutes of Area Board meetings shall be routinely sent to the Area Board members.

Section 7. Participation by Telephone or Electronic Means

Upon the advance approval of the Chairperson of the Area Board, members of the Area Board may be allowed to participate in any Area Board meeting by electronic means; including but not limited to a conference call, so long as the individual would otherwise have been entitled to participate in the Area Board meeting, or any portion of the Area Board meeting, if the individual was physically present. Individuals participating by electronic means are counted as though they are physically present and may conduct the meeting, deliberate, take action, or otherwise participate in the business of the Area Authority as if they were physically present. Any Area Board member attending a meeting by electronic means shall be identified in the minutes of the meeting as having participated electronically.

Section 8. Open Meetings

Meetings of the Area Board are governed by the N.C. Open Meetings Laws and shall be advertised by means sufficient to allow for public attendance and involvement. The Area Board shall allocate time at the beginning of each regular meeting of the Area Board for public comment.

ARTICLE IV

Area Director

Section 1. **Appointment**

The Area Board shall appoint the Area Director.

- (a) The Area Director is an employee of the Area Board and shall be appointed in accordance with N.C. General Statute 122C-117(7). The Area Director is the administrative head of the Area Authority.
- (b) The Area Board shall evaluate annually the Area Director for performance based on criteria established by the Area Board. In conducting the evaluation, the Area Board shall consider comments from the various boards of county commissioners of the counties of the catchment area of the Authority.
- (c) In addition to the duties under N.C. General Statute 122C-111, the Area Director shall:
 - (1) Appoint and supervise Area Authority staff.
 - (2) Administer Area Authority services.
 - (3) Develop the budget of the Area Authority for review by the Area Board.
 - (4) Provide information and advice to the boards of county commissioners of the counties of the catchment area of the Authority.
 - (5) Act as liaison between the Area Authority and the NC Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
- (d) Except when specifically waived by the NC DHHS Secretary, the Area Director shall meet the following minimum qualifications:
 - (1) Master's degree;
 - (2) Related experience; and
 - (3) Management experience.

Section 2. **Role of the Area Director**

The Area Director shall be responsible for the appointment of staff, for implementation of the policies and procedures of the Area Board, for compliance with the rules of the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services and the Secretary of Human Resources, and for supervision of all staff and programs.

Section 3. **Evaluation of the Area Director**

The Area Board shall evaluate the Area Director annually. In conducting the evaluation, the Area Board shall consider comments from the boards of county commissioners of the counties in the catchment area of the Area Authority. The evaluation shall be reviewed with the Area Director and a signed copy placed in the employee personnel file.

ARTICLE V
Standing Committees

Section 1. Appointment of Standing Committees

All standing committees and the chairman of each, as specified under this Article, shall be designated by the Area Board Chairperson. The Area Board Chairperson, county commissioner members of the Area Board, and Area Director are ex-officio members of all Area Board committees.

Section 2. Nominating Committee

The Area Board Chairperson shall appoint in May of each year, a Nominating Committee consisting of at least three (3) members from the Area Board, one from each region. The members of this committee shall compile a slate of nominees for Area Board officers to be presented to the Area Board for their consideration and approval at the June meeting.

Section 3. Finance Committee

The Area Board Chairperson shall appoint a Finance Committee composed of the Treasurer of the Area Board and Area Board members, which shall meet at least six (6) times per year to review the financial strength of the Area Authority. The Finance Officer shall also be a non-voting ex-officio member of the Finance Committee.

- (a) The Finance Committee shall review and make recommendations concerning the preparation of the Area Authority budget and budget amendments to be presented to the Area Board for approval.
- (b) The Finance Committee shall, during the year, receive and review regular finance reports concerning the fiscal status of the Area Authority. The committee shall inform the Area Board of any financial issues and a status report of the agency's financial health.
- (c) The Finance Committee shall, after the annual audit is completed, meet with the auditor to review the audit findings, financial statements, and management letter if one accompanies the audit.
- (d) Makes recommendation to the Area Board regarding the firm to complete the annual independent audit.
- (e) Recommends the schedule for re-bidding of the annual independent audit.

Section 4. Human Rights Committee

The Human Rights Committee shall be composed of a majority of non-Area Board members with a reasonable effort made to have all applicable disabilities represented

with consumer and family member representation. No employee of the Area Authority or its contract agencies shall serve on the committee.

The Human Rights Committee is constituted as a committee of the Area Board and shall serve in an advisory capacity to the Area Board.

The Area Board established Human Rights Committee shall oversee the implementation of the following client rights protections.

- (1) Compliance with G.S. 122C, Article 3;
- (2) compliance with the provisions of 10A NCAC 27C, 27D, 27E, and 27F governing the protection of client rights, and 10A NCAC 26B governing confidentiality;
- (3) establishment of a review procedure for any of the following which may be brought by a consumer, consumer advocate, parent, legally responsible person, staff or others:
 - (A) consumer grievances;
 - (B) alleged violations of the rights of individuals or groups, including cases of alleged abuse, neglect, or exploitation;
 - (C) concerns regarding the use of restrictive procedures or;
 - (D) failure to provide needed services that are available in the area.

Section 5. Executive Committee

The Area Board shall establish an Executive Committee. This committee is empowered to act on behalf of the Area Board between meetings or in emergency situations in carrying out the normal, necessary, and routine functions of the Area Board. The Executive Committee shall report all actions taken, and receive the approval of the full Area Board at the Area Board's next regularly scheduled meeting. These actions shall also be documented through an official written set of committee meeting minutes.

The Executive Committee shall meet only as necessary, or as called by the Area Board Chair or designee. The Executive Committee of the Area Board shall include the Chairperson, the Vice Chairperson, the Treasurer and the Secretary, except when the Secretary is an employee of the Area Authority. The Executive Committee may also include other Area Board members, appointed by the Area Board Chairperson, as necessary.

Section 6. Policy Committee

The Policy Committee shall review all proposed new policies, proposed changes to existing policies, and conduct the required Annual Review. The committee shall make recommendations to the full Area Board regarding adoption of the proposed policy or change. The committee shall meet on a frequency as deemed necessary by the committee. The Chairperson of the Area Board shall appoint all members of the committee and shall designate one individual as the Chairperson of the committee. The committee shall make a report at a regular meeting of the Area Board.

ARTICLE VI Officers of the Area Board

Section 1. **Officers**

The officers of the Area Board shall be a Chairperson, a Vice Chairperson, and a Treasurer, each of whom shall be a resident of a different county of the catchment area of the Area Authority, and who shall be elected by the Area Board from among its members. In addition, the Area Board may either elect a Secretary from its members or alternatively, the Area Board may appoint an employee of the Area Authority to serve as Secretary to the Area Board. Officers shall serve for a one year term beginning on July 1 and ending on June 30 of the following year.

Only a duly appointed member of the Area Board is eligible for nomination and election as an officer, except that an Area Authority employee may be selected as Secretary to the Area Board.

An Area Board member may be re-elected to serve no more than two consecutive terms in the same office.

Section 2. **Election of Officers**

Election of officers shall take place at the last regular meeting of the Area Board preceding the beginning of the new fiscal year. A slate of nominees for each office shall be submitted to the Area Board at its regular meeting by the Nominating Committee. Additional nominations may be made from the floor provided the consent of the nominee to serve if elected has been secured. Election shall be accomplished by a simple majority of the members present at the meeting, provided a quorum was established.

Section 3. **Vacancies**

Any vacancy in office to the Area Board shall be filled through nomination and election of a replacement at a regularly scheduled or special meeting of the Area

Board, with appropriate advance notice to all members of the Area Board regarding the need to fill the vacancy.

Section 4. Bonds

The Area Board may by resolution require any officer, agent, or employee of the Area Authority to give bond to the Area Authority, with sufficient securities, conditioned on the faithful performance of the duties of their respective office or position, and to comply with such other conditions as may from time to time be required of the Area Board.

**ARTICLE VII
Duties of Officers**

Section 1. Duties

The officers shall perform the duties as prescribed by these By-Laws.

Section 2. Duties of Chairperson

The Chairperson shall preside at all meetings of the Area Board and shall be an ex-officio member of all committees except the Nominating Committee. The Chairperson shall appoint all committee chairmen and committee members which include ad hoc committees. The Chairperson is the Area Board's representative in dealing with the Area Director on a day-to-day basis. The Chairperson is responsible for the development of the annual performance appraisal of the Area Director in consultation with the other Area Board members. The Chairperson is authorized to sign on behalf of the Area Board such documents as necessary for the transaction of Area Board business.

Section 3. Duties of Vice-Chairperson

In the absence or inability of the Chairperson to discharge the duties of the office, such duties shall be performed by the Vice-Chairperson with all such powers and restrictions of the office assumed. In the absence or inability of both the Chairperson and the Vice Chairperson to discharge the duties of the office, such duties shall be performed by the Treasurer with all such powers and restrictions of the office assumed.

Section 4. Duties of the Secretary

The Secretary shall keep minutes of all meetings of the Area Board and shall attest to the accuracy of the minutes. The Secretary will attend all meetings of the Area Board for this purpose.

- Section 5. Duties of Treasurer**
The Treasurer shall be Chairman of the Finance Committee.

ARTICLE VIII

Funding

- Section 1. Depositories**
All revenues belonging to the Area Authority will be deposited to the credit of the Area Authority in a depository bank(s) designated by the Area Board.

- Section 2. Reports**
Periodically as specified by the Secretary of NC DHHS by rule, the Area Authority shall provide the Secretary of NC DHHS and the board of commissioners of the counties in the catchment areas of the Area Authority, with budget reports and annual audit reports prepared by an independent certified public accountant and such other reports as required.

All Area Authority checks will be signed by the Area Authority Finance Officer and countersigned by the Area Director.

ARTICLE IX

Ownership of Property

- Section 1. Real Property**
Except as otherwise allowed by law, pursuant to N.C. G.S. 122C-147, title to real property purchased for use by the Area Authority shall be held by the Area Authority.

- Section 2. Equipment – Personal Property**
Title to personal property and the authority to acquire, lease, or mortgage same shall be held by the Area Authority.

Funding for the Area Authority's acquisition and/or use of equipment for the operation of programs may come from local, state, federal, or donated funds, including any combination thereof.

ARTICLE X

Amendment of By-Laws

These By-Laws may be amended at a regular or special meeting of the Area Board by a two-thirds (2/3) majority vote of those members present, provided a quorum was established, and provided a

written copy of proposed changes has been sent to each Area Board member at least one (1) week prior to the meeting.

**ARTICLE XI
Indemnification**

The Board of Directors shall indemnify to the extent allowed by the laws of North Carolina any Director or Officer for expenses and costs, including reasonable legal fees, actually and necessarily incurred by them, by action in court or otherwise, by reason of them being or having been such Director or Officer of the Area Authority

_____, Chairperson

Attested to this _____ day of _____ 201

Seal _____
_____, Secretary to the Area Board

Schedule 4.2

Hiring Plan

All full time, part time, or temporary employees working for CC and for ECBH as of June 30, 2015 will be offered employment with the new organization. All salaries will remain the same as of July 1, 2015. Positions which have been identified by the CEOs which will be recruited for internally first and then externally if needed include but are not limited to: Claims Director (1.0), Regional Director (2.0), and Chief Strategic Officer (1.0). A new General Counsel position (1.0) will be recruited for externally. Below is the approximate timeline for these recruitments:

- December 2014: Claims Director
Regional Directors (2)
- April 2015: Chief Strategic Officer
- May 2015: General Counsel

All other vacant positions on the consolidated organizational chart will be recruited for either internally only or after consolidated funding has been received for the new contract year.

Schedule 5.3

CoastalCare

There are no violations or conflicts for CoastalCare as per Section 5.3, Article V of the Consolidation Agreement.

Schedule 5.3

East Carolina Behavioral Health

There are no violations or conflicts for East Carolina Behavioral Health as per Section 5.3, Article V of the Consolidation Agreement.

Schedule 5.5

CoastalCare

Fund Balance as of October 31, 2014

Unrestricted: \$14,329,293

Restricted: \$15,857,349

\$30,186,642

Schedule 5.5

East Carolina Behavioral Health

Fund Balance as of October 31, 2014;

Unrestricted \$70,292,859.27

Restricted \$16,409,821.83

\$86,702,681.10

Schedule 5.6**CoastalCare****Real Property****Real Property and Improvements:**

- | | |
|-------------------------------------------------------------|-------------------------------------|
| • 202 Dorchester Place, Wilmington | Respite care home |
| • 1390 South 16 th Street, Wilmington | Counseling offices |
| • 1507 Martin Street, Wilmington | Group Home |
| • 3809 Shipyard Boulevard, Wilmington | Administrative offices |
| • 1323 South 15 th Street, Wilmington | Land: .1157 acre |
| • 1327 South 15 th Street, Wilmington | Land: .1324 acre |
| • 1000 Medical Center Drive, Wilmington
(Hanover County) | Land: 8.71 acres (Title held by New |

Property for which CoastalCare has exclusive rights:

- | | |
|----------------------------------------------------|----------------------------------------|
| • 165 Center Street, Jacksonville | Administrative offices |
| • 127 Center Street, Jacksonville | Day Treatment Center |
| • 215 Memorial Drive, Jacksonville | Counseling offices in Building # 1 |
| • 215 Memorial Drive, Jacksonville | Vacant, Building # 2 |
| • 3820 Bridges Street, Morehead City | Counseling offices, 14,000 square feet |
| • 2023-1 South 17 th Street, Wilmington | Facility based crisis center |

Schedule 5.6

East Carolina Behavioral Health

Real Property- attached

Asset Class	ID	Asset Description	Cost Basis	Place in Service Date
BUILDINGS	2	Building	\$214,906.00	6/1/1985 1320 Health Drive- New Bern Property titled to Craven County
BUILDINGS	3	Building	\$216,277.00	6/1/1998 1311 Health Drive-New Bern Property titled Craven County
BUILDINGS	5	Building Renovations	\$21,591.00	6/1/1998
BUILDINGS	10	Building	\$262,433.31	10/1/1992
BUILDINGS	14	Dome Kit-Greenhouse	\$6,180.44	4/1/1993
BUILDINGS	21	Outside Sheds AVD Tables	\$5,615.00	11/11/1992
BUILDINGS	41	Vinyl Siding	\$11,900.00	6/1/1997
BUILDINGS	61	10 Ton Heat Pump	\$9,500.00	6/1/2000
LEASEHOLDS	91	Replace Chiller-New Bern Outpatient	\$29,966.00	6/1/2001
LAND	402	Land-Ahoskie/Jackson offices	\$88,862.81	1/1/1980
BUILDINGS	403	Building Union Masonry w/ Concrete Frame	\$480,525.77	7/1/1977
BUILDINGS	404	Masonry Building Completion	\$8,015.00	7/1/1978
BUILDINGS	405	Brick Storage Building	\$6,556.56	7/1/1985
BUILDINGS	408	New Parking Lot & Resurf Union Concrete	\$17,362.75	5/1/1995
BUILDINGS	409	HVAC System	\$85,432.00	7/1/1991
BUILDINGS	413	Union Addition/Renov. Masonry Building	\$538,327.00	3/1/1995
BUILDINGS	415	Union Addition/Renovation Masonry Build	\$19,800.00	7/1/1997
BUILDINGS	416	Union Addition/Renovation Masonry Build	\$181,500.00	6/1/1998
BUILDINGS	418	Heat/Air System Upgrade Control System	\$23,900.00	1/1/2000
BUILDINGS	422	Roof on Union Building	\$54,825.00	7/1/1993
BUILDINGS	427	New Parking Lot-Union	\$7,667.81	7/1/1980
BUILDINGS	428	Resurface Original Parking Lot-Union	\$6,618.00	7/1/1979
BUILDINGS	430	Carpet for Building	\$52,108.57	7/1/2006
BUILDINGS	431	Carpet for Access	\$6,419.87	7/1/2005
BUILDINGS	442	Building Union	\$413,984.00	1/1/2002
BUILDINGS	446	Northampton New Office Masonry	\$661,446.67	7/1/1990
BUILDINGS	448	CP Bldg Masonry w/ Concrete Frame	\$258,596.00	7/1/1990
LAND	###	Land-New Bern	\$100,000.00	7/1/2007
LAND	###	Land-New Bern	\$77,000.00	7/1/2007

BUILDINGS	### Heat Pump 10 Ton Air Handler unit	\$9,237.00	11/1/2006
LEASEHOLDS	### Greenville Paving Health Drive	\$24,645.00	7/1/2007
LEASEHOLDS	### Heat Pump	\$5,300.00	6/12/2008
BUILDINGS	### Air Handler & Condensor	\$8,500.00	7/18/2008
LEASEHOLDS	### Carrier A/C 5 Ton 13 Seer	\$5,800.00	12/30/2009
LEASEHOLDS	### Restroom Restoration	\$9,011.08	2/10/2010
LEASEHOLDS	### Construct 4 small offices	\$5,530.00	4/28/2010
BUILDINGS	### PSI Steam Boiler	\$18,000.00	2/9/2011
LEASEHOLDS	### Pave Back Parking Lot 53/90	\$14,000.00	3/10/2011
LEASEHOLDS	### Boiler Room Equipment Install	\$27,860.00	3/10/2011
BUILDINGS	### Currituck ADVP Building	\$56,902.50	7/1/2010
BUILDINGS	### Camden Building	\$171,840.00	7/1/2010
BUILDINGS	### Perquimans Building	\$286,400.00	7/1/2010
BUILDINGS	### Roof-Cardinal Road	\$18,923.00	10/2/2012
BUILDINGS	### Trane HVAC Unit	\$6,812.50	3/26/2013
BUILDINGS	### Trane HVAC Unit	\$6,812.50	3/26/2013
BUILDINGS	### Trane HVAC Unit	\$6,812.50	3/26/2013
BUILDINGS	### Trane HVAC Unit	\$6,812.50	3/26/2013
BUILDINGS	### NCDC Building & Outbuilding	\$154,114.00	6/30/2014
LAND	### NCDC Land	\$90,033.33	6/30/2014
LAND	### Land-Currituck ADVP	\$177,612.00	7/1/2010

Totals

\$ 4,978,274.47

Schedule 5.8

Pending or Threatened Litigation

The following is a list of all pending or threatened litigation, actions, or investigations against CoastalCare as of the date of this Schedule, i.e. November 30, 2014.

1. Evergreen Behavioral Management, Inc., Petitioner v. NC Department of Health and Human Services, Eastpointe Human Services and CoastalCare, Respondents
Office of Administrative Hearings; 14 DHR 04014, 14 DHR 05650
Action by Evergreen Behavioral Management, Inc., a provider, challenging termination of ACT Services contract based on a low TMACT score following a DHHS TMACT review
2. Megan Farrell, Petitioner v. CoastalCare, Respondent
Office of Administrative Hearings; 14 MED 08057
Appeal by client challenging denial of N.C. Innovations Waiver Services. The appeal petition was filed late and a motion to dismiss is pending.
3. Obinna Onuh, Petitioner v. CoastalCare, Respondent
Office of Administrative Hearings; 14 MED 08234
Appeal by client from denial of personal care and in home skill building services.

Schedule 5.8 Litigation

ECBH currently has three cases with providers in current litigation at the Office of Administrative Hearings. These three are all due to contract termination by ECBH and the providers are: OneCare Behavioral Health, Elite Care, Inc., and A-Plus Independent Living. ECBH is also a defendant in a wrongful death lawsuit brought by a family against ECBH and a provider agency, Divine Guidance.

Schedule 5.9COASTALCARE
FRINGE BENEFIT SUMMARY1. LEAVE

- ANNUAL LEAVE: 11 ¾ days (94 hours) to maximum of 25 ¾ days (206 hours) per year, accrued bi-weekly. A maximum of 240 hours of accumulated annual leave can be carried forward to the next calendar year. Part-time employees leave is pro-rated based on percentage of time worked.
- SICK LEAVE: 12 days of sick leave per year, accrued bi-weekly. Sick leave can be accumulated indefinitely. Part-time employees leave is pro-rated based on percentage of time worked.
- VOLUNTARY SHARED LEAVE PROGRAM: This program provides an opportunity for employees to assist another employee affected by a medical condition that requires an absence from work for a prolonged period of time resulting in loss of income due to lack of accumulated leave.
- OTHER TYPES OF LEAVE: Family & Medical Leave, Leave Without Pay, Civil Leave, etc.

2. HOLIDAYS

New Years Day, Martin Luther King Jr's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving (Thursday & Friday), and Christmas (up to 3 days)

3. UNITED HEALTHCARE

- MEDICAL INSURANCE: COASTALCARE provides fulltime/permanent COASTALCARE employees who work 40 hours per week with paid hospital and medical insurance from a participating provider. COASTALCARE will cover all permanent employees who work at least a 30 hour per week schedule, full benefits but will only pay a pro-rated amount for the health insurance. (i.e., 30 hour per week schedule (75%), then the Center will pay 75% of the monthly employee premium and the employee will pay 25%). Dependent coverage is available at the employee's expense. Premiums for health insurance are payroll deducted one month in advance and are divided over the two monthly payrolls.

Coverage begins on the 1st day of the month following 30 days of employment.

Eligibility: Must work at least 30 hours per week.

Employee Only:	Center Paid (\$535.28)
Employee Plus <u>Spouse</u>	\$701.76 per month
Employee Plus <u>Child(ren)</u>	\$198.57 per month
Employee Plus <u>Family</u> :	\$1141.71 per month

NOTE: Above rates are effective 7/1/14-6/30/15 and are subject to change at renewal.

- **DENTAL INSURANCE:**
- COASTALCARE provides fulltime/permanent COASTALCARE employees who work 40 hours per week with paid dental & vision insurance benefits. COASTALCARE will cover all permanent employees who work at least a 30 hour per week schedule, full benefits but will only pay a pro-rated amount for the dental insurance (i.e., 30 hour per week schedule (75%), then the Genter will pay 75% of the monthly employee premium and the employee will pay 25%). Dependent coverage is available at the employee's expense. Premiums for insurance are payroll deducted one month in advance and are divided over the two monthly payrolls.

Coverage begins of the 1st day of the month following the 30th day of employment.

Eligibility: Must work at least 30 hours per week.

\$50.00 Annual deductible applies to Basic and Major Services

\$1,000.00 Maximum Benefit per year (Preventive, Basic & Major Services)

Preventive Services	100% (No Deductible) Examinations, Diagnostic (x-rays) & Prophylaxis (cleaning)
Basic Services	80% (after annual deductible) Diagnostic, Restorative (fillings), Radiographs, Non-Surgical Extractions, etc.
Major Services	50% (after annual deductible) Major Restorative (crowns, inlays, bridges, dentures, implants), Surgical Extractions, General Anesthesia, Endodontic and Periodontal
Orthodontic Services Only	50% (No deductible) Lifetime maximum of \$1,000.00. <u>Child</u>

Employee:	100% paid by COASTALCARE (\$33.35)
Employee Plus <u>Spouse</u> :	\$33.36 (Monthly)
Employee Plus <u>Children</u> :	\$36.19 (Monthly)
Employee Plus <u>Family</u> :	\$74.36 (Monthly)

- **VISION INSURANCE:**
- Insurance to help pay for exams, frames, lenses and contacts. Premiums for insurance are payroll deducted one month in advance and are divided over the two monthly payrolls. See UHC benefit booklet for a schedule of benefits.

Employee:	100% paid by COASTALCARE (\$5.67)
Employee Plus <u>Spouse</u> :	\$5.09 (Monthly)
Employee Plus <u>Children</u> :	\$6.95 (Monthly)
Employee Plus <u>Family</u> :	\$12.08 (Monthly)

NOTE: Above rates are effective 7/1/14-6/30/15 and are subject to change at renewal

4. **LOCAL GOVERNMENTAL EMPLOYEES RETIREMENT SYSTEM**

Each eligible employee contributes 6% of his or her salary into this retirement system. After 5 years of service, you are considered vested. Vested means that you are eligible to apply for

life-time monthly retirement benefits based on the formula, your age, and service requirements described in the handbook, provided you do not withdraw your contributions.

Eligibility: Must work at least 20 hours per week.

5. DEFERRED COMPENSATION PLANS

- 401(k): Optional supplemental retirement plan administered through Prudential Retirement. COASTALCARE will match up to 2% of salary that you voluntarily contributed to your 401(k) Plan. Minimum voluntary contribution is \$10.00 bi-weekly.
- NATIONWIDE RETIREMENT SOLUTIONS: Optional investment plan (457)

6. VOLUNTARY BENEFITS (OPTIONAL)

TASC administers COASTALCARE's Flexible Benefit Plans and offers the following (7/1/14 – 6/30/15):

- CoastalCare 125 Dependent Care Reimbursement Plan – TASC
- CoastalCare 125 Medical Reimbursement Plan – TASC

UNITED HEALTHCARE offers the following voluntary plans:

- Short Term Disability
- Voluntary Life Insurance

ALLSTATE offers the following voluntary plans:

- Cancer Insurance
- Critical Illness Insurance
- Universal Life Insurance

7. Longevity Pay

Longevity Pay is to recognize employees' long-term service to the agency. Eligible employees with at least five years of total service to the agency shall receive a lump sum payment annually. Career status employees will be eligible to receive longevity pay beginning with their fifth completed year of employment with the agency. Longevity pay will be budgeted by the agency each year or discontinued for that year based on the availability of funds.

Amount of Longevity Pay Based on Full Year's Employment:

Years of Employment	Dollar Amount
5 to 9 yrs. 11.9 months	1,000
10 – 14 yrs. 11.9 months	1,500
15 – 19 yrs. 11.9 months	2,000
20 – 24 yrs. 11.9 months	2,500
25 or more	3,000

8. Professional Liability Insurance-Physician

The agency will reimburse physicians for their separate professional liability insurance (malpractice) of the occurrence type in the amount of \$1,000,000/\$3,000,000. The reimbursement amount will be based on the percentage of time worked up to a maximum of

\$8,000 per year based on the discretion of the Area Director. In the event a physician leaves employment with the agency during the policy period the physician will be required to reimburse the agency for the cost of the remaining months in the policy. The agency will calculate the number of months left in the policy period and calculate that number by the amount per month and bill the physician for this amount.

Schedule 5.9

List of Employee Plans

ECBH Employee Health Plan-Medical, Vision (Employer pays 100%)

ECBH Employee Health Plan Specialized Services Plan-Specialized Medical Services, Dental, Prescription Drug (Employer pays 100%)

ECBH Flexible Benefit Plan-Unreimbursed Medical Expenses, Day Care Expenses (Employee 100% optional)

Aflac (Employee 100% optional)

North Carolina Supplemental Retirement Plans-Prudential-401K, 401K Roth, 401K Loan (Employee 100% optional)

North Carolina State Retirement System-(Employee 6%, Employer 7.07%)

Symmetra Group Term Life-(Employer 100%-based on income up to \$50,000)

NC State Employees' Credit Union-Payroll Deduction (Employee 100% optional)

OPEB Trust-Administrator Reliance-Retiree Medical Benefits (Benefit ended 2007 so this is for those specified eligibles only)

Schedule 5.11

Insurance

CoastalCare- attached

CoastalCare
2014-15 Insurance Policies

Policy Description	Carrier	Policy #	Type of Coverage	Amount of Coverage
Commercial Package-Property (incl B&M), Auto, Crime, Public Officials Liab (incl Sexual Abuse extension)	North Carolina Association of County Commissioners Liability & Property Pool	LP-CO-441-14	Property/Inland Marine	\$ 14,921,445
			Data Breach	\$ 100,000
			Auto Liability	\$ 2,000,000
			Auto Comp & Collision	ACV
			Crime	\$ 250,000
			POL-Ea wrongful act	\$ 2,000,000
			POL-Ea person	\$ 500,000
			POL-Aggregate	\$ 1,000,000
			EPL-Ea wrongful act	\$ 2,000,000
			Equipment Breakdown	\$ 25,000,000
			Environmental Impairment	\$ 50,000
Worker's Compensation	North Carolina Association of County Commissioners Workers Compensation Pool	WC-CO-441-14	Workers' Comp	Statutory
			Employers' Liability	\$ 2,000,000
General Liability	James River Insurance Co.	00045187-4	Ea Occurrence Limit:	\$ 1,000,000
			Damage to premises rented to you	\$ 50,000
			Personal/Advertising Injury Limit:	\$ 1,000,000
			General Aggregate Limit	\$ 2,000,000
			Prod/Completed Operations	\$ 2,000,000
Managed Care E&O Liability	Illinois Union Insurance Co	MSP G24561719 004	Each Occ.:	\$ 1,000,000
			Aggregate Limit:	\$ 3,000,000

CoastalCare
 Losses over \$25,000
 2009-2014

Line of Cov.	Incident Date	Claim Status	Claim Cause	Incident Description	Paid	Outstanding Incurred
Workers Compensation	7/24/2013	Open	Motor Vehicle, NOC	Employee sprain -neck, shoulder and lower back	16,344.31	37,827.05 54,171.36
Workers Compensation	4/10/2014	Open	Fall/Slip on Stairs	Employee was walking down the stairs and missed a step and fell	24,209.76	27,324.19 51,533.95
Property Damage	1/8/2014	Open	Freezing Pipe	Pipes froze/burst in ceiling & entire building flooded	97,431.61	42,568.39 140,000.00

Schedule 5.11

Insurance

East Carolina Behavioral Health- attached

ECBH Schedule 5.11

Carrier	Office Covered	Type of Coverage	Dates Covered	Limits of Liability
Scottsdale	Agency	D&O Professional Liability	07/01/2014-06/30/2015	\$2,000,000
Philadelphia	Agency	Professional/General Liability & Property	07/01/2014-06/30/2015	\$3,000,000/\$5,000,000
NC Joint Underwriters	Edgewood	Wind/Hail	07/01/2014-06/30/2015	\$11,200 contents
NC Joint Underwriters	Camden	Wind/Hail	07/01/2014-06/30/2015	\$320,000 building / \$49,000 contents
NC Joint Underwriters	Perquimans	Wind/Hail	07/01/2014-06/30/2015	\$320,600 building / \$62,300 contents
NC Joint Underwriters	Currituck	Wind/Hail	07/01/2014-06/30/2015	\$475,000 building / \$42,100 contents
NC Joint Underwriters	Cardinal Road	Wind/Hail	09/10/2014-09/09/2014	\$461,000 building / \$25,000 contents
Nationwide	Camden	Flood Insurance	08/19/2014-08/18/2015	\$369,000 building / \$44,100 contents
Selective Insurance	Perquimans	Flood Insurance	12/10/2013-12/09/2014	\$300,000 building / \$50,000 contents
Selective Insurance	Perquimans	Flood Insurance	12/10/2014-12/09/2015	\$300,000 building / \$50,000 contents
Key Risk Management	Agency	Workman's Comp	06/01/2014-06/01/2015	\$500,000
NC Joint Underwriters	1311 Health Drive-NB	Wind/Hail	09/10/2014-09/09/2015	\$530,100 building
NC Joint Underwriters	1320 Health Drive-NB	Wind/Hail	09/10/2014-09/09/2015	\$488,411 building
There have been no claims for ECBH for any insured loss in excess of \$25,000 per occurrence during the last 3 year period.				

Schedule 5.12A

Service Contracts

CoastalCare- attached

CoastalCare State & Medicaid Provider Contracts - 11/25/14

State Contracts

A Caring Heart Case Management, Inc.
A Helping Hand of Wilmington
Access Family Services
ACI Support Specialists, Inc.
Anna's Care, Inc.
Autism Services, Inc.
Brunswick Interagency Program
Physician Alliance for Mental Health
Brynn Marr Hospital, Inc.
Carolina Psychological Services, Inc.
Carolina Residential Services, Inc.
Carolina Support Services, Inc.
Carteret Counseling
CNC/Access, Inc. dba Rescare Home Care
Coastal Enterprises of Jacksonville, Inc. dba Coastal Enterprises of Wilmington
Coastal Horizons Center, Inc.
Coastal Residential Services, Inc.
Community Prevention Services
Crandell's Enterprises, Inc.
Delta Behavioral Health
Carobell, Inc.
Focus-NC, LLC
Homecare Management Corporation
Hope Recovery Homes, Inc.
IQuOLIOC, Inc.
Le'Chris Counseling Services, Inc.
Liferequest Disabilities Services, Inc.
Maxim Healthcare Services, Inc.
Monarch
National Mentor Healthcare, LLC dba North Carolina Mentor
New Hanover Regional Medical Center- Behavioral Health Unit
North Carolina Solutions
Easter Seals UCP North Carolina & Virginia, Inc.
Plumb Line Services, Inc.
PORT Human Services
Renu Life Extended, Inc.
Renu Life, LLC
RHA Health Services, Inc.
Robeson Health Care Corporation
SBH - Wilmington, LLC dba Strategic Behavioral Center - Wilmington
Spirit of Excellence, Inc.
The Arc of North Carolina
Therapeutic Alternatives, Inc.
White Oak Homes II, Inc.

Medicaid Agency Contracts

A Caring Heart Case Management, Inc.
A Helping Hand of Wilmington
A Small Miracle, Inc.
A Special Touch Group Home, Inc.
A Special Touch II, Inc.
A+ Williamson Care Network, LLC
ABS LINCS SC, INC dba Palmetto Pines Behaviorla Health
Access Family Services
ACI Support Specialists, Inc.
Agape Services, Inc.
Alberta Professional Services, Inc.
Alexander Youth Network
Allied Behavioral Management, Inc.
Amble Side
Anna's Care, Inc.
Assisted Care, Inc.
Autism Society of North Carolina, Inc.
Autism Support and Programs, Inc.
Avalonia Group Homes, Inc. dba Hampton PRTF
Barium Springs Home for Children
Bayada Home Health Care, Inc. dba Bayada Habilitation
Boys and Girls Homes of North Carolina, Inc.
Brunswick Interagency Program
Cape Fear Case Mangement and Counseling Services, LLC
Cape Fear Group Homes, Inc.
Carobell, Inc.
Carolina Choice
Carolina Residential Services, Inc.
Carolina Support Services, Inc.
Carolinas Home Care Agency, Inc.
Carteret Counseling
Casa Mendez
Children's Home Society of NC
Christian's House of Hope
CNC/Access, Inc. dba Rescare Home Care
Coastal Behavioral Health Services, Inc.
Coastal Enterprises of Jacksonville, Inc. dba Coastal Enterprises of Wilmington
Coastal Horizons Center, Inc.
Coastal Residential Services, Inc.
Coastal Southeastern United Care
Community Support Agency, LLC
Community Support Professionals
Comserv, Inc.
Cornerstone Treatment Facility Program, Inc.
D & L Health Care Services, Inc.
Delta Behavioral Health
Devereux Foundation dba Devereux Florida

Divine Koncepts, Inc.
Dixon Social Interactive Services
Easter Seals UCP North Carolina and Virginia Inc.
Educare Community Living Corporation - North Carolina dba Community Alternatives North Carolina
Educare Community Living Corporation - North Carolina dba Community Alternatives North Carolina - ICF
Elida Homes, Inc.
Elite Care, Inc.
Evergreen Behavioral Management
Excalibur Youth Services, LLC. dba Venice PRTF
Fact Specialized Services, LLC
Family Services of America Corporation
Firm Foundation, Inc.
Focus-NC, LLC
Getting Ready, Inc.
GHA Autism Supports
Harris Home
Highsmith Support Agency
Homecare Management Corporation
Horizons Residential Care Center
Howell Support Services, LLC
Human Resources Unlimited, Inc.
IQuOLIOC, INC.
Johnson's House of Hope Family Care Home, LLC
Just In Time Youth Services, Inc.
Keep Hope Alive Human Services, LLC
Kidspace National Centers of North American, Inc.
Learning Perspective, Inc.
Le'Chris Adult Daycare of Rocky Mount, Inc. dba Le'Chris Behavioral Health Services
Le'Chris Counseling Services, Inc.
Le'Chris Health Systems of Greenville, Inc.
Life Opportunities, Inc.
Life, Inc.
Lifeline Systems Company
Lifequest Disabilities Services, Inc.
Lifequest, Inc.
Lifetime Resources, Inc.
Linda Shorts Home
Lindley Habilitation Services, LC
Lutheran Family Services
Lutheran Family Services
M&S Supervised Living, LLC
Maxim Healthcare Services, Inc.
McLeod Addictive Disease Center, Inc.
Mercy Care, Inc.
Midstate Health Systems, Inc.
Monarch
Morgan Support Services

My Brothers House, Inc.
National Mentor Healthcare, LLC. dba North Carolina Mentor
New Beginnings of North Carolina, LLC.
New Dimension Group, LLC
New Hanover Community Health Center
New Hope Carolinas, Inc.
Nova, Inc.
Nova-IC, Inc.
October Road, Inc.
Omni Visions
Parker Investments, LTD
Pathways Behavioral Health Services, Inc.
Pathways to Life, Inc.
People of Potential, Inc.
Physican Alliance for Mental Health
Piedmont Residentail Development Center, Inc.
Pitt County Group Home Board for Mentally Retarded, Autistic Persons Inc.
PORT Human Services
Positive Influences, Inc.
PQA Healthcare, Inc.
Precious Haven, Inc.
Pride in North Carolina
Rachel's House
Renu Life, LLC
RHA Health Services, Inc.
RHA Howell Care Center, Inc.
RHA North Carolina MR, Inc.
Robeson Health Care Corporation
Rouses Group Home, Inc.
Saguaro Group dba Triumph, LLC
ShineLight, Inc.
Skill Creations, Inc.
Sophia B. Pierce & Associates, Inc.
Southeastern Behavioral Healthcare Services, LLC
Southeastern Healthcare of North Carolina, Inc.
Southlight, Inc.
Spirit of Excellence, Inc.
Springbrook Behavioral Health System
Stan B Treatment Services, Inc.
Stephen's Outreach Center
Strategic Interventions
Sunrise Clinical Associates, PLLC
Surry-Yadkin Residential Services, Inc.
TEACCH-Univeristy of North Carolina at Chapel Hill
The Arc of North Carolina
The Bair Foundation
The Carter Clinic
The Methodist Home for Children, Inc.

Therapeutic Alternatives, Inc.
Thomson's Child & Family
Timber Ridge Treatment Centers, Inc.
Top Priority Care Services, LLC
Touchstone Residential Services
Triad Telecare, Inc.
Turning Point Services, Inc.
United Residential Services of North Carolina, Inc.
Unity Home Care, Inc.
Universal Mental Health Services
VOCA Corporation of North Carolina dba Community Alternatives North Carolina
Wallbrown Home
Wayne Opportunity Center, Inc.
Wellcare Home Care, Inc.
Wescare Professional Services, LLC
Western North Carolina Group Home for Autistic Persons, Inc.
Western North Carolina Group Home for Autistic Persons, Inc.
White Oak Homes II, Inc.
Yahweh Center Children's Village
Youth Focus
Youth Villages, Inc.

Medicaid Group Contracts

Beacon of Hope Counseling
Carenet, Inc. dba Baptist Hospital Carenet Counseling Centers
Carolina East Physicians
Carolina Psychological Services, Inc.
Carteret Clinic for Adolescents & Children
Coastal Carolina Neuropsychiatric Center, PA
East Carolina University dba ECU Physicians
East Cove Psychiatric Services
Eastern Carolina Psychiatric Services
Family Works Psychological Center, PLLC
Growing Pains, PA
Haven
Haymount Institute for Psychological Services, PLLC.
Healing Hearts Therapeutic Services, Inc.
Health Sciences Foundation, Inc. dba Coastal Family Medicine Center
Life Tide Counseling, PC
LifeSource of North Carolina
New Hanover County Health Department
New Hanover Network - Carolina Healthcare Associates Division of Psychiatry
North Carolina Solutions
Oak Island Pediatrics, PA
Porters Neck Psychological Services
Sapia Psychological Associates, Inc.

Southcare Community Services, Inc.
The Carousel Center, Inc.
Wilmington Health Access for Teens, Inc.
Winston Psychiatric Associates, PA

Medicaid LIP Contracts

Acosta	Daniel
Adams	Kimberly
Adams	Robert
Aideuis	Dianna
Ain	Marilyn
Akintayo	Mojeed
Andolfi	Corey
Ballis	Thomas
Barker	James
Bell	Twyna
Belovicz	Gretchen
Bentz	Lisa
Bertrand	Anne
Bonk	Magdalena
Bowens	Anna
Boyle	Christopher
Brazell	Glenda
Brinker	Carla
Brown	Dianne
Burbank	Linda
Cardassi	Janet
Carlton	William
Caudill	Terra
Chambers	Shelley
Chandler	Mark
Cheers	Cynthia
Cobb	Martha
Coleman	Jennifer
Courvoisie	Helen
Davis	Melissa
Dickinson	Patrica
Doughtie	Michael
Duncan	Toni
Echols	Ruthetta
Farley	Marguerite
Griffin	James
Groll	Stuart
Grubb	Monty
Hall	Jon Christopher
Hallman	Vicki
Hawkins	Tammy

Hewett	Carolyn
Hogan	Kerry
Kam	Susan
Kenricks	Daphne
King	Becky Lee
Kirk	Karen
Klitsch	Eileen
Lance	Kim
Lankford	Juxon
Lothes	John
Lysne	Dwight
Mabry	David
Maddox	Wendy
Mates	Thomas
McCullough-Simpson	Erika
McCullum	Jean
McKean	Thomas
Migliore	Maureen
Moorehead	Charles
Morman	Jessica
Munoz	Pamela
Muro	Andrea
Murray	Valerie
Musser	Brookes
Norton	Cathy
O'Farrell	Cecelia
Oleson	Eric
Owens	Elbert
Palanza	Michael
Parker Johnson	Gladys Lynn
Peters	Nancy
Peverall	Troy
Phelps	Jenifer
Philemon	Whitney
Pieper	Dawn
Pitts	Venus
Pleasants	Donna
Polomik	Elizabeth
Powell	Garlande
Puente	Antonio
Rasul	Ijaz
Ray	Cynthia
Reid	Karen
Rigby	Ben
Rochelle	Dawn
Ryans	Abree
Sabanayagam	Muthiah

Saidla	Debie
Salisu	Adamu
Savard	Christopher
Scearce	Denise
Shaw	Annie
Shukla	Nilima
Silvia	Susan
Simmons	Kimberly
Simons	Cecil Junior
Sloan	Jerry
Smith	Shirena
Smith	Christy
Sprague	Marie
Stanley, Jr.	Karl
Stebnicki	Mark
Strahl	Nathan
Synn	Jay
Tar	Maria
Taylor	Sarah
Thomas	Melvin
Tilley	George
Troxler	Susie
Wall	Brian
Walters	Kathryn
Waters	Sherry
Wellford	Christopher
Wheeler	Karen
Williams	Robert
Wright	Henry
Yankosky	Janet
Zanker	James

Medicaid Hospital Contracts

BrynnMarr

CarolinaEast Medical Center

DSOHF

Frye Regional Medical Center

Halifax Regional

Holly Hill Hospital

Johnston Memorial

Keystone WSNC dba Old Vineyard

Lighthouse Care Center of Conway

Nash General

New Hanover Regional Medical Center

Strategic Behavioral Health – Raleigh

Strategic Behavioral Health – Wilmington

Southeastern Regional medical Center
Springbrook
Vidant Health
Wayne Memorial Hospital

(The following table contains extremely faint and illegible text, likely a list of items or a data table. The content is not readable.)

Schedule 5.12A

Service Contracts

East Carolina Behavioral Health- attached

Addiction Consulting & Training Assoc., LLC - Cynthia Wiford (Syd)
Agility Recovery Solutions, Inc.
Alliance Services
AlphaCM
American Association of Intellectual and Developmental Disabilities (aaidd)
AMY SMITH
Behavioral Health Management (BHM)
Carasolva, Inc.
Care Management Technologies, Inc.
Centre Tek Solutions, LLC
CliftonLarsonAllen, LLP
CLINICAL AND FORENSIC ASSOCIATES, PLLC/CHRISTOPHER DAVID BOYLE
Coleman Randolph, Jr./The Family Tree House
Confidential Records Management Inc.
Cory Woodward(FINAL) - CHILD FAMILY TEAM PARTNER
Council for Affordable Quality of Healthcare (CAQH)
Dana Hagele, MD
Dare County Health Dept.
Donna Potter, LCSW
DOROTHY ROSENKE
Eastern NC Broadcasting Corporation
ECU - Dr. John Diamond
ECU Brody School of Medicine - Dr. McGinty
Emdeon
Enterprise
ExactByte
Fluidware dba SurveyMonkey
Horacio Sanchez- Resiliency, Inc.
Howard, Stallings, From, Hutson, P.A.
INFRANET
International Business Machines Corporation (IBM)
JE(MC)2 - Cheryl McQueen
Johnson Personnel Consulting, Inc.
KRISTIN N. KAUL
Mason Harriman Group, Inc.
MST Services- Kimberly Pascucci
NC211
Nease Personnel Sevices, Inc.
Odyssey Software
OptumInsight
Oxford House, Inc.
Pacific Interpreters dba Fluent Language Solutions, Inc.
Prevent Child Abuse, North Carolina, Inc.
Promise Resource Network

Rapid Resource for Families
Restore Recovery Home, Inc.
RHONDA M. CARDINALE
Rubicon Management, Inc.
Skillsoft Corporation dba Skillsoft Direct
SMARTSHEET Enterprise Subscription Agreement
TERRI REVELLE
The Center For Child and Family Health
The SSI Group, Inc
Thomas W. Durham, Ph.D.
Time Warner Cable
Yadtel Publishing

A BETTER PLACE BEHAVIORAL HEALTH
A BRIDGE TO LEARNING
A CARING HEART CASE MANAGEMENT, INC
A PLUS RESULTS INDEPENDENT LIVING, INC.
A SMALL MIRACLE, INC-INNOVATIONS
ACI SUPPORT SPECIALIST, INC.
ADVANCE BHEAVIORAL HEALTH SERVICES, INC.
ALBEMARLE COUNSELING GROUP-LIP
Albemarle Hospital Foundation
ALBEMARLE PSYCHOLOGICAL INNOVATIONS
ALPHA MANAGEMENT COMMUNITY SERVICES
ALPHA MANAGEMENT SERVICES, INC.
AMANI RESIDENTIAL HUMAN SERVICES
AMBLECARE
ANDERSON, KIMYATTA OUTPATIENT THERAPY
ARC OF NORTH CAROLINA, THE
AUTISM SOCIETY OF NC
BAILEY'S RESPITE CARE, INC.
BARKLEY-GRAHAM, TANYA LCSW/INDIGO
BEAUFORT COUNTY DEVELOPMENTAL CENTER
BEHAVIOR CONSULTATION & PSYCHOLOGICAL SERVICES,
BENJAMIN HOUSE, INC.DBA BH COMMUNITY SERVICES
BETTER CONNECTIONS
BEVERLY JONES III, MD, PA
BLALOCK, LUTRINO MA LPA
BOWENS, WILLIAM C., MD, Psychologist
BRAMBLE, MICHAEL JAMES MA LPA
BRATTON, STEPHANIE LIP
BRENTJENS, ELIZABETH LCSW
BRINKLEY, DENISE, LPC
BRITESMILZ FAMILY & COMMUNITY CONNECTIONS, INC
BROWN MONIQUE MD PA
Brynn Marr Hospital
BUSCEMI, CARY S. LCSW
CAPE FEAR VALLEY HEALTH SYSTEMS
CAREER FULFILLMENT SERVICES, PLLC
CARENET INC DBA BAPTIST HOSPITAL
CAROBELL, INC
CAROLINA CHOICE LLC
CAROLINA COMPREHENSIVE PSYCHIATRIC SVC PLLC
CAROLINA OUTREACH, LLC.
CAROLINA PSYCHOLOGICAL GRP DBA CAROLINA CENTRE
CAROLINA SUPPORT SERVICES
CAROLINAEAST MEDICAL CENTER
CAROLINAEAST PHYSICIANS
CARRIAGE HOUSE PSYCHOLOGICAL ASSOCIATES
CARROLL, JOHN E. LPC

CARTERET Clinic for Adolescents & Children
CELSO B. LOBAO, MD, PA
CENTER FOR COUNSELING & BUSINESS CONSULTATION
CHILDREN & FAMILY COUNSELING SERVICES
CHILDRENS HOME SOCIETY
CHILDREN'S SPECIALTY GROUP PLLC
CLINICAL AND FORENSIC ASSOCIATES
CNC/ACCESS DBA RESCARE HOMECARE
COASTAL CAROLINA NEUROPSYCHIATRIC CENTER PA-AGENCY
Coastal Horizons, Inc.
COMMUNICARE BEHAVIORAL HEALTH SERVICES
Community Care Clinic of Dare
COMMUNITY CARE SERVICES, LLC
COMPASS HEALTH SYSTEMS OF NORTH CAROLINA, PA
COMPREHENSIVE INTERVENTIONS, INC.
CORNERSTONE TREATMENT FACILITY PROGRAM, INC
CORNERSTONE TREATMENT FACILITY, INC
CREEF LISA B LCSW, PC
CRISP, BRYAN, MA, LMFT, BCBA
CW COUNSELING SERVICES, INC.
Dare County Department of Public Health
DEGALA, RAMAMOHANA PRASAD, MD PC-LIP
DICKINSON, PATRICIA S., PH.D.
DIVERSE WELLNESS SOLUTIONS, INC
DIVINE CARE SERVICES, LLC
DIXON SOCIAL INTERACTIVE SERVICES INC.
DREAM PROVIDER CARE SERVICES
Duplin General Hospital Inc dba Vidant Duplin Hospital
East Carolina Health - Heritage dba Vidant Edgecombe Hospital
EAST CAROLINA HEALTH DBA VIDANT ROANOKE CHOWAN HOSPITAL
East Carolina Health-Beaufort dba Vidant Beaufort Hospital
East Carolina Health-Bertie dba Vidant Bertie Hospital
East Carolina Health-Chowan dba Vidant Chowan Hospital
EAST CAROLINA PSYCHIATRIC CONSULTANTS, PLLC
EAST CAROLINA UNIVERSITY
EAST COAST COUNSELING, INC.
EAST COVE PSHYCHIATRIC SERVICES
EASTER SEALS/UCP
EASTERN CAROLINA PSYCHIATRIC SERVICES
EASTERN CAROLINA VOCATIONAL CENTER
EASTERN PSYCHIATRIC & BEHAVIORAL SPECIALIST PLLC
ECU Brody School of Medicine
EDUCARE COMMUNITY LIVING CORP NC DBA COMM ALTERNATIVES NC
ELEGANT LADIES OF THE FUTURE
ELITE CARE, INC
ELLIS, DAVID J., LCP, LCAS-ELLIS COUNSELING SERVICES.
EMMANUEL RESIDENTIAL FACILITY, INC.

ENC PSYCHOLOGICAL
ENC PSYCHOLOGICAL SERVICES
ESSENTIAL SUPPORTIVE SERVICES
EVANS HEATH PSYCHOLOGICAL SERVICES
FAITH COUNSELING & CLINICAL CONSULTATION SVC, PLLC
FAITH WORKS COMMUNTY SERVICES, INC.
FAMILY ADVANTAGE, LLC
FAMILY INTENSIVE HOME CARE, LLC
FAMILY SERVICES OF AMERICA
FAMILY WELLNESS CENTER, THE
FORSYTH MEMORIAL HOSPITAL
FRANKLIN REGIONAL MEDICAL CENTER
Frye Regional Medical Center, Inc.
GHA-AUTISM SUPPORT
GUARDIANTRAC LLC
Halifax Regional Center
HALIFAX REGIONAL MEDICAL CENTER
HAMILTON, SUSAN LPC
HARRIS, KIMBERLY MS LPC CRC
HEALTHCORE RESOURCES INC
HEARTWORKS CHILDREN'S MEDICAL HOME MISSION DBA STILL WATERS
HOFFMIER, ELIZABETH G., LCSW
HOLLY HILL HOSPITAL
HOWELL'S SUPPORT SERVICES, LLC
HUMAN RESOURCES UNLIMITED
HUNSBERGER, HILARY K. LCSW
HURYN PSYCHOLOGICAL COUNSELING
HYDE CO DEPT OF SOCIAL SERVICES-AGENCY
INDEPENDENT HUMAN SERVICES
INSIGHT THERAPEUTIC & COUNSELING SERVICES, INC.
INTEGRATED FAMILY SERVICES
JAMES BARRY ROBINSON dba THE BARRY ROBINSON CENTER
JAWORSKI, JEFFERY A-ATLANTIC COUNSELING SVCS
Johnston Memorial Hospital Authority
JOHNSTON, EDWARD ANGUS, MS, LCAS, LPC
JOHNSTON, GRACE G., MSW, LCSW, LCAS
KAUL, KRISTIN N., MS, LPA
KEEP HOPE ALIVE HUMAN SERVICES, LLC
Keystone WSNC, LLC dba Old Vineyard Behavioral Health
KIDS FIRST INC. CHILD ADVOCACY CENTER
KIMBERLY HARRIS
KINSTON PHYSICIANS GROUP
KRONLAGE, JAMES E.
LECHRIS HEALTH SYSTEM OF NEW BERN
LECHRIS HEALTH SYSTEMS OF GREENVILLE
LIFE, INC.
LIFEQUEST, INC.

LIFETIME RESOURCES, INC
LOPEZ-CLAROS, MARCELO ENRIQUE, M.D.
LUCILLE'S BEHAVIORAL, INC.
MAAL-CARE, LLC
MAKING THE DIFFERENCE SERVICES LLC
MARTIN COUNTY RESIDENTIAL SERVICES, INC.
MARTIN GENERAL HOSPITAL
MARTIN TYRRELL WAHINGTON DISTRICT HEALTH DEPARTMENT
MAXIM HEALTHCARE SERVICE, INC.
MC CLOUD & ASSOCIATES, INC. dba TRUE DIVINE HC SVCS
MCCULLUM, JEAN E. -(JEROS INDIVIDUAL& FAMILY THERAPY
MEDICAL PARKS PSYCHICATRIC ASSOCIATE
MELENDEZ, TAUNYA QUEEN (REHOBOTH COUNSELING SVCS)
METHODIST HOME FOR CHILDREN, THE
MICHAEL DOUGHTIE, CHILD AND FAMILY SERVICES
MINOR-SCHORK, DEBRA LLC
MONARCH
MONIQUE BROWN, M.D., P.C.
MOSES CONE HEALTH SYSTEM
MUNDELL, JAMES BEDFORD
NASH GENERAL HOSPITAL
NATIONAL MENTOR HEALTHCARE d/b/a NC MENTOR
NC Families United
NEW BEGINNINGS DAY TREATMENT CENTER, LLC
NEW BERN PROFESSIONAL HEALTH SERVICES, PC-BH GRP
NEW HANOVER REGIONAL MEDICAL
NEW HOPE CAROLINAS, INC.
NEW HOPE COUNSELING SERVICES P.A Aideuis
NORTHEASTERN HOME CARE INC.
NOVA -IC, INC
NOVA, INC
NOVANT HEALTH THOMASVILLE MEDICAL CENTER dba COMMUNITY GENERAL HEALTH PARTNERS, INC
NU LOOK ON LIFE
NUVIZIONS, LLC
OMNI VISIONS
ONECARE, INC. dba ONECAE BEHAVIORAL HEALTH SYSTEM
PAMLICO CHILD AND FAMILY THERAPY
PAMLICO COUNSELING, PLLC
PARADIGM INC.
PATHWAYS BEHAVIORAL HEALTH SERVICE, INC
PATHWAYS TO LIFE INC
PEOPLE HELPING PEOPLE OF NORTH CAROLINA, LLC
PHILIPS, ATEIAT Z., M.D.
PIEDMONT BEHAVIORAL SERVICES, PC
PINNACLE HOME CARE, INC
PITT CO GROUP HOMES

PITT COUNSELING PLLC
Pitt County Memorial Hospital dba Vidant Medical Center
PORT HUMAN SERVICES
POWER OF U, INC. THE
PREMIER HEALTHCARE SERVICES, INC.
PRESBYTERIAN HOSPITAL, DBA THE PRESBYTERIAN HOSPITAL
PRIDE IN N.C., INC
PSYCHOLOGICAL THERAPEUTIC RESOURCES
RACHELS HOUSE AGENCY
Real Crisis Intervention, Inc.
RECOVERY INNOVATIONS
RENU LIFE EXTENDED
RENU LIFE LLC
RHA HEALTH SERVICES. INC.
RHA HOWELL CARE CENTER INC.
ROANOKE DEVELOPEMENTAL CENTER
ROANOKE VALLEY PSYCHIATRIC ASSOCIATES PA
ROBERTS CHRISTOPHER J LCSW, LCAS
ROBERTS KELLY LCSW
ROBESON HEALTH CARE CORPORTATION INC
ROSENKE, DOROTHY H., PSY.D.
ROWAN REGIONAL MEDICAL CENTER
ROWE, JULIE, MA, LPA
SAGUARO GROUP dba COMMUNITY INNOVATIONS
SANDALWOOD COUNSELING
SAWYER, LAURYN, MSW, LCSW, PLLC
SBH-Raleigh, LLC
Sentara Albemarle Medical Center
SENTARA NORTHEASTERN VA MEDICAL CENTER
SERVING HANDS, LLC
SIDES, PAM, LPC, LPCS, NCC
SIMON-THOMAS, ACOLIA, LCSW
SKILLS CREATIONS, INC.
SOLID FOUNDATIONS
Southeastern Regional Medical Center
SPRINGBROOK BH SYSTEMS, CHESTNUT HILL MH CENTER d/b/a PRTF
STACEY LAWRENCE RAWLS, MD PLLC
STORY, DEBORAH
STRAG GERALD ANTHONY ED.D.
STRAIGHT WALK FAMILY SERVICES, INC
SUMPTER, DUNCAN D., P.C.
SUPREME INVESTMENT d/b/a SUPREME CHOICE Healthcare
SUPREME INVESTMENT d/b/a SUPREME CHOICE Healthcare
OUTER BANKS HOSPITAL THE (VIDANT)
THOMAS, ELIZABETH M., LPC
THOMPSON CHILD & FAMILY FOCUS

THOMPSON, WARREN CHRISTOPHER LPC. LCAS
TOUCHSTONE RESIDENTIALSERVICES
TRIANGLE NEUROPSYCHIATRY, PLLC
TURNING POINT HUMAN SERVICES
TWIDDY SARAH ELIZABETH LPC
TYNDALL, STEVEN G., LCSW, LCAS
UNC GREENSBORO
UNIVERSAL MENTAL HEALTH SERVICES, INC DBA UNIVERSAL MH/DD/SAS
UNIVERSITY OF NORTH CAROLINA HOSPITALS
UPLIFT COMPREHENSIVE SERVICES
UPRISING HOMES, INC.
VARNADOE, HELEN KA FER
VIDANT MEDICAL GROUP
VISIONS IN VIEW, INC.
VOCA CORPORATION OF NORTH CAROLINA
WASHINGTON COUNTY HOSPITAL
WASHINGTON PEDIATRICS
WAYNE HEALTH PHYSICIANS dba WAYNE HEALTH PSYCHIATRIC SVCS
Wayne Memorial Hospital
WAYNE OPPORTUNITY CENTER INC
WECARE RESIDENTIAL FACILITY, INC
WHITE, PATRICIA C.
WILSON MEDICAL
Wilson Medical Center
WILSON'S HOME CARE AGENCY, INC.
WINSTON CLINICAL ASSOCIATES
WINSTON PSYCHIATRIC ASSOCIATES
YAHWEH CENTER, INC
YOUNG, ALISA
YOUTH FOCUS, INC
YOUTH VILLAGES
Client Specific Agreements
A TOUCH FROM THE HEART
ALEXANDER YOUTH NETWORK
ALLIED BEHAVIORAL MANAGEMENT
AMBLESIDE INC.
ARC OF HAYWOOD COUNTY, INC.
AVALONIA GROUP HOMES, INC.
BETHEL, CHRISTINE
BRUSON GROUP DBA NEW BEGINNINGS
CAROLINA RESIDENTAL
CHILDREN'S HOME, THE
COASTAL RESIDENTIAL SERVICES
COMSERV, INC
COUNTRY PINES, INC.

D. DUNCAN SUMPTER, P.C. dba APPALACHIAN COMMUNITY SERVICES
DAYMARK;RECOVERY SERVICES, INC.
DESTINY MANAGEMENT, INC
DHHS-NCATP
EDWAR GROUP, INC.
EDWARDS ASSESSMENTS & COUNSELING INC.
ELIADA HOME FOR CHILDREN
EVERGREEN BEHAVIORAL MANAGEMENT, INC.
EXCALIBUR YOUTH SERVICES, LLC
FAMILY FIRST SUPPORT CENTER, INC.
FISHBACK, SARAH, LPA
FREEWILL BAPTIST CHILDRENS HOME
HALO CENTER OF WELLNESS, PA
HAYWOOD VOCATIONAL OPPORTUNITIES
HICKS RASHEEDE LPC
INTELLICHOICE STAFFING LLC
JACKSON COUNTY PSYCHOLOGICAL SERVICES
JMJ ENTERPRISES LLC/FRESH START HOME CHILDREN
JOANNE M. SCHAFFER, MSW, LCSW PA
JOSEPH'S COMMUNITY SUPPORT SERVICES INC.
KIDSPACE NATIONAL CENTERS OF NORTH AMERICA, INC.
LECHRIS COUNSELING SERVICES, INC
LUTHERAN FAMILY SERVICES
MIND OF HOPE COMMUNITY LIVING PROGRAM (CLP)
MISS DAISY'S GENTLEMEN OF THE FUTURE
NEUSE ENTERPRISES
NORTHCARE HEALTH SERVICES, INC.
ONE TO ONE WITH YOUTH, INC.
POSITIVE INFLUENCE
PSYCHOLOGICAL & EDUCATIONAL RESOURCES
PSYCHOLOGICAL MEDICINE CLINIC.
PSYCHOLOGICAL MOBILE SERVICES, PA
RHA NORTH CAROLINA MR, INC.
ROANOKE VALLEY ADULT DAY CENTER, INC.
SEQUEL SCHOOLS, LLC.
SIMRUN HEALTH SERVICES, INC
SOUTHLIGHT INC.
TAMMY LYNN CENTER OF DEVELOPMENTAL
TAR HEEL HUMAN SERVICE- MENTAL HEALTH DIVISION, INC
THERAPEUTIC ALTERNATIVES INC
THREE RIVERS RESIDENTIAL
TIMBER RIDGE TREATMENT FACILITY
WAKE ENTERPRISES, INC
WAYNE PSYCHIATRIC ASSOCIATES
WAYNESBORO FAMILY CLINIC, P.A.

Schedule 5.12B

Other Contracts

CoastalCare- attached

CoastalCare Service & Lease Agreements- 11/25/14**Service Agreements**

Antonio Enrique Puente, PhD	Neuropsychological Testing
Angel Nicolas Guarisma	Spanish Language Interpreter
Cape Fear Case Management and Counseling Services, LLC	
Carl Cordoni, PhD	Psych Evals for I/DD
Community Care of North Carolina	Consultation for UM services.
East Carolina Behavioral Health	ASTECC Agreement
Elizabeth Watts	SIS Evaluator Services
Erika McCullough-Simpson, MA, LPA	Sign Language Interpreter
Laura Carolina Pica	Psych Evals for I/DD & MH
Lisa Barker	Spanish Language Interpreter
NAMI	Sign Language Interpreter
NC Council of Community Programs	Family to Family Program
North Carolina Harm Reduction Coalition	Trainings for Providers
New Hanover Network - Carolina Healthcare Associates Division of Psychiatry	Overdose Reduction Kits (Naloxone) and Training
Prest & Associates, Inc.	
Rapid Resource for Families, Inc.	ECT Services at NHRMC
Rubicon Management, Inc.	UM Peer Review
Scott G. Crowder, MD	IAFT Service Contract
Sewell Consulting Group, Inc.	ICFMR Management
Shelia Craig	Peer review consultant for children.
Stephen Levin	Sign Language Interpreter
Susan Lanier	Sign Language Interpreter
Tobi Gilbert, PsyD	Peer Support Specialist
	Sign Language Interpreter
	Consultation for UM services
	Psycho-Sexual Risk and Sex Offender Assessments
Vicki Hallman	

Lease Agreements (CoastalCare as Lessor)

Carteret Counseling Services	Lease for Carteret County
Community Prevention Services	Lease for Carteret County
Easter Seals UCP North Carolina & Virginia.Inc.	Lease for Carteret County
FACT Specialized Services, LLC, a program of Methodist Home for Children	Lease for Onslow County
Omni Visions	Lease for Carteret County
PORT Human Services	lease of office space for 2 bldgs -New Hanover
RHA Health Services, Inc.	Lease for Carteret County
RHA Health Services, Inc.	Lease for Onslow County
RHA Health Services, Inc.	lease of Respite House-New Hanover
RHA Health Services, Inc.	lease of The Harbor Space-New Hanover

Lease Agreements (CoastalCare as Lessee)

Carteret County	Building Lease
New Hanover County	Building Lease
Onslow County	Building Lease
Brunswick County	Building Lease

Schedule 5.12B

Other Contracts

East Carolina Behavioral Health- attached

ECBH Current Building Leases as of 10/2/14

LESSOR	ADDRESS OF BUILDING
Wainright Holdings	Building-1708 E. Arlington Blvd., Greenville, NC 27834
Randolph Holdings	Building: 1905 Turnbury Drive, Greenville, NC 27858
RHD Property Management, LLC	Building-1410 E. Arlington Blvd., Greenville, NC 27858
Pitt County	Building: 112 Health Drive, Greenville, NC 27834

Schedule 5.15

Financial Statements

CoastalCare- attached

COASTALCARE
BALANCE SHEET (NON-GAAP)

JUNE 30, 2014

ASSETS

Cash and cash equivalents	
Restricted	\$ 3,681,169
Unrestricted	18,925,296
Accounts receivable	
Client and third-party	142,200
Due from other governments	576,100
Prepaid items	184,339
Total assets	<u>\$ 23,509,104</u>

Liabilities

Accounts payable	\$ 693,743
Claims payable	4,709,188
Accrued salary and related liabilities	410,226
Unearned revenue	86,903
Total liabilities	<u>5,900,060</u>

Deferred inflows of resources

Unavailable receivables	167,361
Total deferred inflows of resources	<u>167,361</u>

Fund balances

Nonspendable for prepaid items	184,339
Restricted for stabilization by state statute	629,747
Restricted for 2% Medicaid risk reserve	3,681,169
Committed for capital projects	200,000
Unassigned	12,746,428
Total fund balances	<u>17,441,683</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 23,509,104</u>

Amounts Reported in the Statement of Net Position are Different Because:

Fund balance, per above	\$ 17,441,683
Accounts receivable due from other governments not collected within 60 days after year end is deferred in the fund	167,361
Refundable facility deposits consisting of land transferred to New Hanover County which is not reported in the fund	1,881,659
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the fund	6,894,633
Liability for other postemployment benefits is not due and payable in the current period and therefore, is not reported in the fund	(566,855)
Liability for compensated absences is not due and payable in the current period and therefore, is not reported in the fund	(539,821)
Net position	<u>\$ 25,278,660</u>

COASTALCARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL- (NON-GAAP)

YEAR ENDED JUNE 30, 2014

	Operating Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Operating revenues				
Charges for services				
Medicaid Waiver services	\$ 117,861,242	\$ 121,457,876	\$ 124,233,251	\$ 2,775,375
Medicaid Waiver administration	14,218,823	14,535,500	14,535,501	1
Total charges for services	<u>132,080,065</u>	<u>135,993,376</u>	<u>138,768,752</u>	<u>2,775,376</u>
Federal, state, and local funding				
Local grants	3,915,343	3,915,343	3,776,971	(138,372)
State Single Stream grant	12,746,328	12,720,829	12,457,404	(263,425)
Federal grants	3,520,662	3,395,728	2,043,275	(1,352,453)
Medicaid pass-through funds	500,000	500,000	-	(500,000)
State inpatient crisis service grant	2,190,000	3,202,875	2,811,000	(391,875)
State LME administration grant	2,188,884	1,720,047	1,874,053	154,006
Total federal, state, and local funding	<u>25,061,217</u>	<u>25,454,822</u>	<u>22,962,703</u>	<u>(2,492,118)</u>
Total operating revenues	<u>157,141,282</u>	<u>161,448,198</u>	<u>161,731,455</u>	<u>283,257</u>
Operating expenditures				
Personnel	13,013,713	12,978,856	12,891,203	87,653
Supplies and materials	293,500	590,032	589,943	89
Current obligations and services	1,116,300	1,291,300	1,031,871	259,429
Fixed charges	1,151,800	866,800	609,765	257,035
Capital outlay	425,000	175,000	150,721	24,279
Contracts and grants	20,001,390	20,185,459	19,268,530	916,929
Medicaid Waiver contract services	117,861,242	121,457,876	114,801,172	6,656,704
Inpatient crisis services	2,190,000	3,202,875	2,897,277	505,598
Medicaid & CAP pass through	500,000	500,000	-	500,000
Contingency	588,337	-	-	-
Total operating expenditures	<u>157,141,282</u>	<u>161,248,198</u>	<u>152,040,482</u>	<u>9,207,716</u>
Operating income	<u>-</u>	<u>200,000</u>	<u>9,690,973</u>	<u>(8,924,459)</u>
Nonoperating revenues				
Interest earned on investments	-	-	21,108	21,108
Miscellaneous	-	-	577,581	577,581
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>598,689</u>	<u>598,689</u>
Other financing sources (uses)				
Transfer out	-	(200,000)	(200,000)	-
Proceeds from sale of assets	-	-	41,810	41,810
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>(158,190)</u>	<u>41,810</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,131,452</u>	<u>\$ (8,283,980)</u>

COASTALCARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL- (NON-GAAP) (CONTINUED)

YEAR ENDED JUNE 30, 2014

Reconciliation of change in net position:

Total revenues and other financing sources	\$ 162,371,934
Total expenditures and other financing uses	<u>(152,240,482)</u>
Subtotal	10,131,452
Depreciation	(529,913)
Capital outlay	150,721
Bad debt expense	(272,979)
Net OPEB expense	(32,717)
Change in accrued vacation	(85,030)
Increase in available receivables	(314,474)
Proceeds from sale of assets	(41,810)
Gain on disposal of assets	<u>38,646</u>
Subtotal	<u>(1,087,556)</u>
Change in net position	<u><u>\$ 9,043,896</u></u>

COASTAL CARE
Consolidated Balance Sheet
Capital Projects and General Fund
10/31/2014

BALANCE SHEET	Capital Projects	Medicaid	State/Federal	Local	TOTAL
ASSETS					
Current Assets					
Cash and cash equivalents	200,000.00	13,565,672.73	-	4,988,564.73	18,734,237.46
Short-term investments	-	-	-	2,192,770.84	2,192,770.84
Medicaid capitation receivable	-	-	-	-	-
Investment income receivable	-	-	-	-	-
Receivable	-	-	2,841,640.00	-	2,841,640.00
Other current assets	-	-	47,149.49	428,603.78	475,753.27
Total Current Assets	200,000.00	13,565,672.73	2,888,789.49	7,589,938.36	24,244,401.57
Other Assets					
Risk reserve account	-	4,670,340.12	-	-	4,670,340.12
Other non-current assets	-	-	-	1,881,659.00	1,881,659.00
Total Other Assets	-	4,670,340.12	-	1,881,659.00	6,551,999.12
Property and Equipment					
Land	-	-	-	1,667,972.03	1,667,972.03
Buildings	-	-	-	5,065,341.58	5,065,341.58
Leasehold improvements	-	-	-	-	-
Furniture and equipment	-	-	-	2,077,500.94	2,077,500.94
Other property and equipment	-	-	-	-	-
Total Property and Equipment	-	-	-	8,810,814.53	8,810,814.53
Accumulated depreciation/amortization	-	-	-	(1,916,181.91)	(1,916,181.91)
Net Property and Equipment	-	-	-	6,894,632.62	6,894,632.62
TOTAL ASSETS	200,000.00	18,236,012.85	2,888,789.49	16,366,230.97	37,891,033.31
LIABILITIES					
Current Liabilities					
Accounts payable	-	-	1,953,543.52	459,997.20	2,413,540.72
Accrued administrative expenses	-	-	-	824,232.00	824,232.00
IBNR claims payable	-	3,159,942.29	-	-	3,159,942.29
Other services payable	-	-	-	-	-
Current portion long-term debt	-	-	-	-	-
Payable to State	-	-	-	-	-
Other current liabilities	-	-	-	1,106,676.42	1,106,676.42
Total Current Liabilities	-	3,159,942.29	1,953,543.52	2,390,905.62	7,504,391.43
Other Liabilities					
Non-current portion long-term debt	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Total Other Liabilities	-	-	-	-	-
TOTAL LIABILITIES	-	3,159,942.29	1,953,543.52	2,390,905.62	7,504,391.43
FUND EQUITY					
Investments in fixed assets	-	-	-	6,894,632.62	6,894,632.62
Fund balances:	-	-	-	-	-
Reserved:	-	-	-	-	-
Reserved - State Statute and Prepaids	-	-	3,121,338.12	196,055.15	3,317,393.27
Reserved - Other	-	-	-	774,982.58	774,982.58
Reserved - Capital Projects - HVAC	100,000.00	-	-	-	100,000.00
Reserved - Capital Projects - Roof	100,000.00	-	-	-	100,000.00
Restricted:	-	-	-	-	-
Restricted - Other	-	4,670,340.12	-	-	4,670,340.12
Unreserved:	-	-	-	-	-
Unreserved - Other	-	2,091,284.22	(2,484,998.21)	9,615,027.38	9,221,313.39
Current Year Earnings	-	8,314,448.22	298,908.06	(3,505,372.38)	5,107,979.90
Total Fund Equity	200,000.00	15,076,070.56	935,245.97	13,975,325.35	30,186,641.88
TOTAL LIABILITIES & FUND EQUITY	200,000.00	18,236,012.85	2,888,789.49	16,366,230.97	37,891,033.31

COASTAL CARE
Income Statement - General Fund
For Four Months Ending October 31, 2014

Revenues

Current Year-to-Date FY 2015

Type of Revenue	Original Budgeted Amount	Amended Budget	Current Period Revenues	YTD Revenues		Balance Remaining	%
Local Funds	3,776,809	3,793,515	318,021	1,348,489		2,444,016	35.57%
State Single Stream funds	12,143,368	12,430,401	2,392,983	6,152,709		6,277,692	49.50%
Federal funds	3,621,072	3,549,474	144,075	413,598		3,135,878	11.65%
Medicaid Service Funds	121,812,258	121,812,258	11,133,948	44,283,035		77,529,221	38.35%
Inpatient Funds	3,202,875	3,202,875	213,000	788,500		2,438,375	23.93%
Medicaid Waiver Administrative Funds	14,461,729	14,461,729	1,292,333	5,139,985		9,321,734	35.54%
State Revenue Waiver Administrative Funds	1,720,047	1,634,187	139,781	559,124		1,075,043	34.21%
Pass-Through Funds	500,000	500,000	-	-		500,000	0.00%
Appropriated Fund Balance	1,000,000	1,000,000	-	-		1,000,000	0.00%
Totals	162,237,954	162,384,417	15,834,120	58,684,457		103,719,960	36.13%

Expenditures

Current Year-to-Date FY 2015

Type of Expenditure	Original Budgeted Amount	Amended Budget	Current Period Expenses	YTD Expenses	Outstanding Encumbrances	Balance Remaining	%
Salary & Fringe Benefits	13,980,655	14,065,775	1,264,957	4,578,458		9,487,317	32.55%
Supplies & Materials	899,400	728,400	37,674	177,573		550,827	24.38%
Current Obligations & Services	898,350	898,350	69,257	306,763		582,587	34.49%
Fixed Charges	431,002	439,781	38,075	202,543		237,248	46.05%
Capital Outlay	-	7,000	(259)	-		7,000	0.00%
Contracts and Grants	19,515,418	19,911,835	1,641,105	6,212,218		13,699,817	31.20%
Medicaid Waiver Contract Services	121,812,258	121,812,258	10,197,769	41,111,713		80,700,543	33.75%
NH Behavioral Health Services	3,202,875	3,202,875	213,000	937,800		2,265,075	29.28%
NC Health Choice Pass Thru	500,000	500,000	20,285	29,409		470,591	5.88%
Contingency	1,000,000	827,135	-	-		827,135	0.00%
Transfer Out	-	-	-	-		-	-
Totals	162,237,954	162,384,417	13,361,862	53,559,477		108,827,940	32.98%

Surplus/Deficit

2,252,258

5,107,980

Major Funding Sources Accrued Revenue:

1) Three-Way Inpatient Contract (Jul, Aug, Sep, Oct)	766,500
2) Shelter Plus	25,493
3) State Admin (Jul, Aug, Sep, Oct)	559,124
4) Single Stream (Oct)	1,138,370
5) State Non-UCR (Sep, Oct)	377,371
	<u>2,868,858</u>

Accrued Expenses:

Salaries/benefits at month end	371,565
Claims approved for the month, paid in subsequent month	
1) Federal Non-UCR	191,722
2) State Non-UCR	832,510

1,195,798

Schedule 5.15

Financial Statements

East Carolina Behavioral Health- attached

EAST CAROLINA BEHAVIORAL HEALTH
BALANCE SHEET
Audited - DRAFT
June 2014

ASSETS

Southern Bank - Operating Account	\$ 82,643,594.16
Southern Bank - Housing Account	\$ 2,035.92
Southern Bank - IMS Health Ins Benefit Acct	328,676.65
Southern Bank - IMS Flex Spending Acct	16,791.97
NC Cash Management Trust	3,811,715.59
Southern Bank - Risk Reserve Account	8,017,405.62
Investment Securites Account	709,475.88
Accts Receivable Other	479,779.09
Reimburseable Expenses	169,142.26
Due From Other Government Unit	4,113,566.89
Prepaid Expense	2,397,268.83
CURRENT ASSETS	\$ 102,689,452.86

Land	533,507.94
Buildings	4,322,654.25
Leaseholds Improvements	122,112.08
Equipment	3,032,079.49
FIXED ASSETS	\$ 8,010,353.76

TOTAL ASSETS **\$ 110,699,806.62**

LIABILITIES

Accounts Payable	3,901,983.60
IBNR- Medicaid	13,962,142.00
Reserve For Health Care Costs	142,566.08
Reserve For Retirees Hosp	35,294.54
CURRENT LIABILITIES	\$ 18,041,986.22

Investments in Fixed Assets	8,010,353.76
Unrestricted Fund Balance	44,074,683.62
Restricted Fund Balance	16,409,821.83
YTD Income	24,162,961.19
FUND BALANCE	\$ 92,657,820.40

TOTAL LIABILITIES & FUND BALANCE **\$ 110,699,806.62**

**EAST CAROLINA BEHAVIORAL HEALTH
INCOME STATEMENT**

Audited - DRAFT

June 2014

REVENUES

Intergovernmental:

State and Federal	\$	42,939,641
Local		1,889,239
Medicaid		178,910,912
Other Income		1,149,711

Total Revenues	\$	222,889,503
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EXPENDITURES

Personnel	\$	15,266,933
Professional Services		1,872,186
Supplies		69,289
Current Obligations		1,809,979
Fixed Expenses		2,142,065
Capital Outlay		164,117
Contracts		177,009,331
Other Expenses		392,541

Total Expenditures	\$	198,726,441
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NET INCOME	\$	24,163,062
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**EAST CAROLINA BEHAVIORAL HEALTH
BALANCE SHEET**

Unaudited
October 2014

ASSETS

Southern Bank - Operating Account	\$ 82,221,779.26
Southern Bank - IMS Health Ins Benefit Acct	328,676.65
Southern Bank - IMS Flex Spending Acct	16,791.97
NC Cash Management Trust	3,811,844.06
Southern Bank - Risk Reserve Account	9,142,325.58
Investment Securites Account	706,483.30
Accts Receivable Other	134,444.85
Reimburseable Expenses	76,484.86
Due From Other Government Unit	4,524,558.31
Prepaid Expense	<u>2,587,402.81</u>
CURRENT ASSETS	\$ 103,550,791.65
Land	533,507.94
Buildings	4,322,654.25
Leaseholds Improvements	122,112.08
Equipment	<u>3,032,079.49</u>
FIXED ASSETS	\$ 8,010,353.76
TOTAL ASSETS	\$ 111,561,145.41

LIABILITIES

Accounts Payable	1,390,763.50
Accrued Expenses	144,507.82
IBNR- Medicaid	15,166,066.00
Reserve For Health Care Costs	89,313.81
Reserve For Retirees Hosp	<u>57,459.42</u>
CURRENT LIABILITIES	\$ 16,848,110.55
Investments in Fixed Assets	8,010,353.76
Unrestricted Fund Balance	68,237,644.81
Restricted Fund Balance	16,409,821.83
YTD Income	<u>2,055,214.46</u>
FUND BALANCE	\$ 94,713,034.86
TOTAL LIABILITIES & FUND BALANCE	\$ 111,561,145.41

**EAST CAROLINA BEHAVIORAL HEALTH
INCOME STATEMENT**

Unaudited
October 2014

REVENUES

Intergovernmental:

State and Federal	\$	11,131,779
Local		473,138
Medicaid		58,906,839
Other Income		147,076
		<hr/>
Total Revenues	\$	70,658,832

EXPENDITURES

Personnel	\$	5,197,685
Professional Services		480,996
Supplies		102,903
Current Obligations		648,544
Fixed Expenses		858,512
Capital Outlay		22,807
Contracts		61,278,232
Other Expenses		13,937
		<hr/>
Total Expenditures	\$	88,603,817

NET INCOME

\$ 2,055,215

Schedule 5.16

All assets owned by CoastalCare are free and clear of any liens, claims and encumbrances.

Schedule 5.16

All assets owned by ECBH are free and clear of all liens, claims, and encumbrances.



**NORTH CAROLINA
DEPARTMENT OF COMMERCE**

Release: IMMEDIATE
Date: December 30, 2014

Contact: Kim Genardo
Phone: (919) 733-3438

ECONOMIC INVESTMENT COMMITTEE SETS 2015 MEETING SCHEDULE

RALEIGH -- Pursuant to N.C. General Statute §143-318.12 and on behalf of the JDIG Economic Investment Committee, the following standing meeting schedule has been approved by the Economic Investment Committee and is now being provided to the N.C. Office of the Secretary of State for public posting.

**N.C. Job Development Investment Grant Program
2015 Economic Investment Committee Meeting Schedule**

All meetings are held on the second AND fourth Tuesdays of each month at 11:00 a.m. (unless otherwise noted below*) in the N.C. Department of Commerce Board Room, 4th Floor South, Department of Public Instruction Building, 301 N. Wilmington Street, Raleigh, North Carolina 27601.

2015 JDIG EIC Meeting Dates	
Tuesday, January 13	Tuesday, January 27
Tuesday, February 10	Tuesday, February 24
Tuesday, March 10	Tuesday, March 24
Tuesday, April 14	Tuesday, April 28
Tuesday, May 12	Tuesday, May 26
Tuesday, June 9	Tuesday, June 23
Tuesday, July 14	Tuesday, July 28
Tuesday, August 11	Tuesday, August 25
Tuesday, September 8	Tuesday, September 22
Tuesday, October 13	Tuesday, October 27
Tuesday, November 10	Tuesday, November 24
Tuesday, December 8	Friday, December 18*

Angela Wooten

From: Linda P <albemarlercandd@yahoo.com>
Sent: Tuesday, December 16, 2014 3:32 PM
To: 'Gregory Andrea'; 'Anne-Marie Knighton'; jbenett@washconc.org; 'Roth Brian'; 'Rodney Bunch'; dclegg@tyrrellcounty.net; 'Ogburn Cliff'; 'Camden County Commissioners'; 'Chowan County Commissioners'; 'Currituck County Commissioners'; 'Dare County Commission'
Subject: Levelized cost of alternative energy versus conventional energy
Attachments: Levelized Cost of Energy - Lazard.pdf
Categories: on agenda spreadsheet

The Albemarle RC&D Council is committed to providing timely information to help people make informed decisions about alternative energy. Please find attached a recent study on the levelized cost of energy by Lazard, a global investment advisory firm. The study shows the acceleration of an ongoing trend: Utility-scale solar and wind power are increasingly cost-competitive with traditional energy sources such as coal and nuclear, even without subsidies. The study also highlights the ongoing need for diverse power generation technologies, especially in regions with limited renewable resources. Note the table on page 15 of the study which compares the levelized cost of alternative and conventional energy.

Linda Peterson

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LAZARD'S LEVELIZED COST OF ENERGY ANALYSIS—VERSION 8.0

LAZARD

Introduction

Lazard's Levelized Cost of Energy Analysis ("LCOE") addresses the following topics:

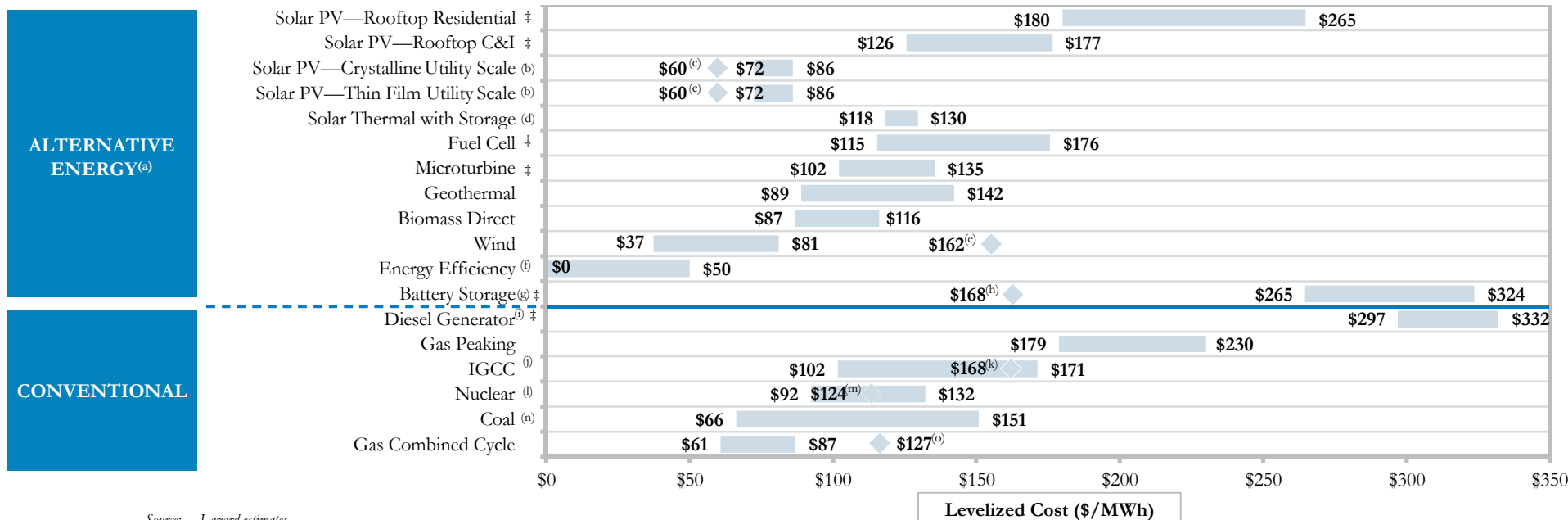
- Comparative "levelized cost of energy" for various technologies on a \$/MWh basis, including sensitivities, as relevant, for U.S. federal tax subsidies, fuel costs, geography and cost of capital, among other factors
- Comparison of the implied cost of carbon abatement given resource planning decisions for various generation technologies
- Illustration of how the cost of utility-scale and rooftop solar-produced energy compares against generation rates in large metropolitan areas of the United States
- Illustration of utility-scale and rooftop solar versus peaking generation technologies globally
- Illustration of how the costs of utility-scale and rooftop solar and wind vary across the United States, based on average available resources
- Forecast of rooftop solar levelized cost of energy through 2017
- Comparison of assumed capital costs on a \$/kW basis for various generation technologies
- Decomposition of the levelized cost of energy for various generation technologies by capital cost, fixed operations and maintenance expense, variable operations and maintenance expense, and fuel cost, as relevant
- Considerations regarding the usage characteristics and applicability of various generation technologies, taking into account factors such as location requirements/constraints, dispatch capability, land and water requirements and other contingencies
- Summary assumptions for the various generation technologies examined
- Summary of Lazard's approach to comparing the levelized cost of energy for various conventional and Alternative Energy generation technologies

Other factors would also have a potentially significant effect on the results contained herein, but have not been examined in the scope of this current analysis. These additional factors, among others, could include: capacity value vs. energy value; stranded costs related to distributed generation or otherwise; network upgrade, transmission or congestion costs; integration costs; and costs of complying with various environmental regulations (e.g., carbon emissions offsets, emissions control systems). The analysis also does not address potential social and environmental externalities, including, for example, the social costs and rate consequences for those who cannot afford distribution generation solutions, as well as the long-term residual and societal consequences of various conventional generation technologies that are difficult to measure (e.g., nuclear waste disposal, environmental impacts, etc.)

While prior versions of this study have presented the LCOE inclusive of the U.S. Federal Investment Tax Credit and Production Tax Credit, Versions 6.0 – 8.0 present the LCOE on an unsubsidized basis, except as noted on the page titled "Levelized Cost of Energy—Sensitivity to U.S. Federal Tax Subsidies"

Unsubsidized Levelized Cost of Energy Comparison

Certain Alternative Energy generation technologies are cost-competitive with conventional generation technologies under some scenarios; such observation does not take into account potential social and environmental externalities (e.g., social costs of distributed generation, environmental consequences of certain conventional generation technologies, etc.) or reliability-related considerations (e.g., transmission and back-up generation costs associated with certain Alternative Energy generation technologies)



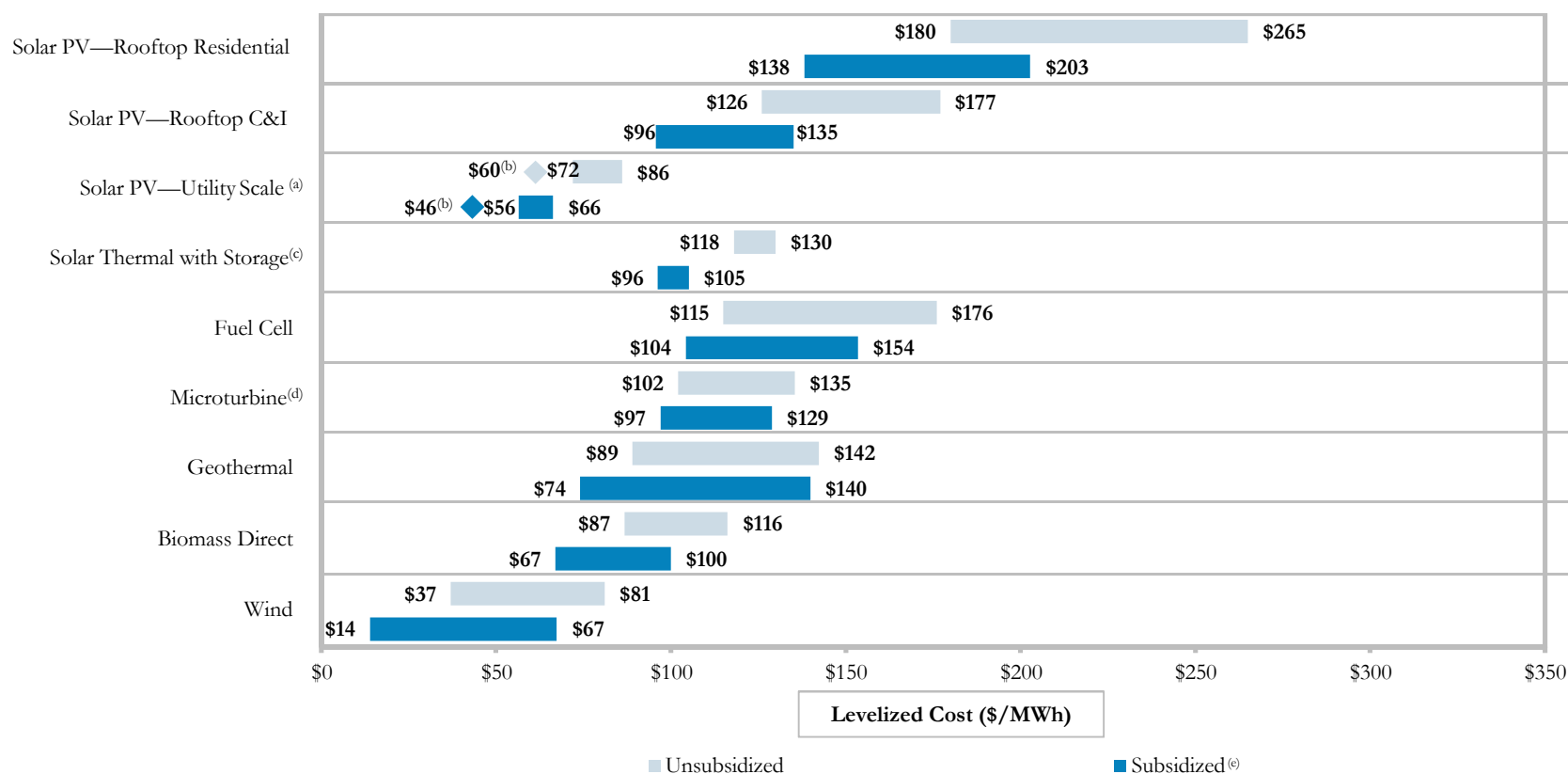
Source: Lazard estimates.

Note: Here and throughout this presentation, unless otherwise indicated, analysis assumes 60% debt at 8% interest rate and 40% equity at 12% cost for conventional and Alternative Energy generation technologies. Assumes Powder River Basin coal price of \$1.99 per MMBtu and natural gas price of \$4.50 per MMBtu. Analysis does not reflect potential impact of recent draft rule to regulate carbon emissions under Section 111(d).

- ‡ Denotes distributed generation technology.
- (a) Analysis excludes integration costs for intermittent technologies. A variety of studies suggest integration costs ranging from \$2.00 to \$10.00 per MWh.
- (b) Low end represents single-axis tracking. High end represents fixed-tilt installation. Assumes 10 MW system in high insolation jurisdiction (e.g., Southwest U.S.). Not directly comparable for baseload. Does not account for differences in heat coefficients, balance-of-system costs or other potential factors which may differ across solar technologies.
- (c) Diamonds represents estimated implied levelized cost of energy in 2017, assuming \$1.25 per watt for a single-axis tracking system.
- (d) Low end represents concentrating solar tower with 18-hour storage capability. High end represents concentrating solar tower with 10-hour storage capability.
- (e) Represents estimated implied midpoint of levelized cost of energy for offshore wind, assuming a capital cost range of \$3.10 – \$5.50 per watt.
- (f) Estimates per National Action Plan for Energy Efficiency; actual cost for various initiatives varies widely. Estimates involving demand response may fail to account for opportunity cost of foregone consumption.
- (g) Indicative range based on current stationary storage technologies; assumes capital costs of \$500 – \$750/KWh for 6 hours of storage capacity, \$60/MWh cost to charge, one full cycle per day (full charge and discharge), efficiency of 75% – 85% and fixed O&M costs of \$22.00 to \$27.50 per KWh installed per year.
- (h) Diamond represents estimated implied levelized cost for “next generation” storage in 2017; assumes capital costs of \$300/KWh for 6 hours of storage capacity, \$60/MWh cost to charge, one full cycle per day (full charge and discharge), efficiency of 75% and fixed O&M costs of \$5.00 per KWh installed per year.
- (i) Low end represents continuous operation. High end represents intermittent operation. Assumes diesel price of \$4.00 per gallon.
- (j) High end incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.
- (k) Represents estimate of current U.S. new IGCC construction with carbon capture and compression. Does not include cost of transportation and storage.
- (l) Does not reflect decommissioning costs or potential economic impact of federal loan guarantees or other subsidies.
- (m) Represents estimate of current U.S. new nuclear construction.
- (n) Based on advanced supercritical pulverized coal. High end incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.
- (o) Incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.

Levelized Cost of Energy—Sensitivity to U.S. Federal Tax Subsidies

U.S. federal tax subsidies remain an important component of the economics of Alternative Energy generation technologies (and government incentives are, generally, currently important in all regions); while some Alternative Energy generation technologies have achieved notional “grid parity” under certain conditions (e.g., best-in-class wind/solar resource), such observation does not take into account potential social and environmental externalities (e.g., social costs of distributed generation, environmental consequences of certain conventional generation technologies, etc.) or reliability-related considerations (e.g., transmission and back-up generation costs associated with certain Alternative Energy generation technologies)

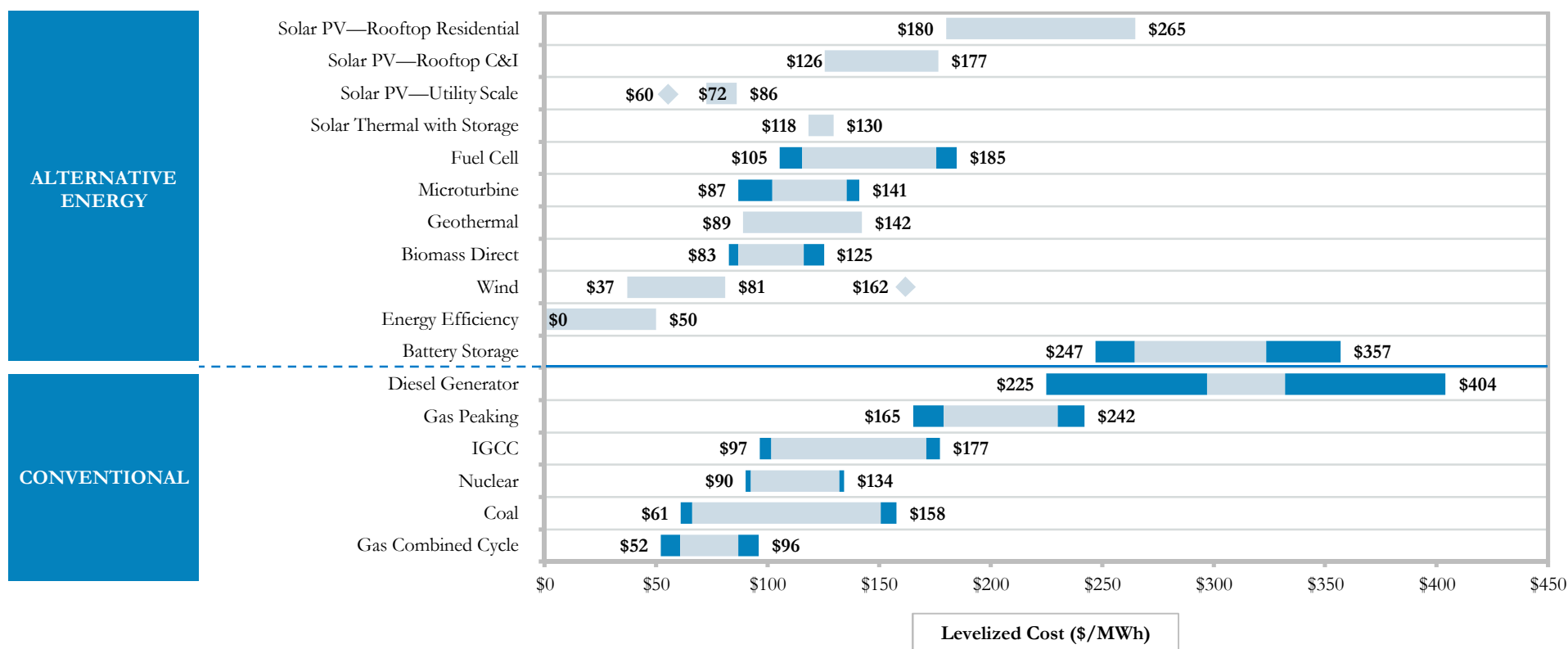


Source: Lazard estimates.

- (a) Low end represents single-axis tracking. High end represents fixed-tilt installation. Assumes 10 MW fixed-tilt installation in high insolation jurisdiction (e.g., Southwest U.S.).
- (b) Diamonds represent estimated implied levelized cost of energy in 2017, assuming \$1.25 per watt for a single-axis tracking system.
- (c) Low end represents concentrating solar tower with 18-hour storage. High end represents concentrating solar tower with 10-hour storage capability.
- (d) Reflects 10% Investment Tax Credit. Capital structure adjusted for lower Investment Tax Credit; assumes 50% debt at 8.0% interest rate, 20% tax equity at 12.0% cost and 30% common equity at 12.0% cost.
- (e) Except where noted, reflects 30% Investment Tax Credit. Assumes 30% debt at 8.0% interest rate, 50% tax equity at 12.0% cost and 20% common equity at 12.0% cost.

Levelized Cost of Energy Comparison—Sensitivity to Fuel Prices

Variations in fuel prices can materially affect the levelized cost of energy for conventional generation technologies, but direct comparisons against “competing” Alternative Energy generation technologies must take into account issues such as dispatch characteristics (e.g., baseload and/or dispatchable intermediate load vs. peaking or intermittent technologies)



Source: Lazard estimates.

Note: Darkened areas in horizontal bars represent low end and high end levelized cost of energy corresponding with ±25% fuel price fluctuations.

Cost of Carbon Abatement Comparison

As policymakers consider the best and most cost-effective ways to limit carbon emissions (including in the U.S., in respect of Section 111(d) regulations), they should consider the implicit costs of carbon abatement of various Alternative Energy generation technologies; an analysis of such implicit costs suggests that policies designed to promote wind and utility-scale solar development could be a particularly cost effective way of limiting carbon emissions; rooftop solar and solar thermal remain expensive, by comparison

- Such observation does not take into account potential social and environmental externalities or reliability-related considerations

	Units	CONVENTIONAL GENERATION			ALTERNATIVE ENERGY RESOURCES			
		Coal ^(b)	Gas Combined Cycle	Nuclear	Wind	Solar PV Rooftop	Solar PV Utility Scale ^(c)	Solar Thermal ^(d) with Storage
Capital Investment/KW of Capacity ^(a)	\$/kW	\$3,000	\$1,006	\$5,385	\$1,400	\$3,500	\$1,750	\$9,800
Total Capital Investment	\$mm	\$1,800	\$805	\$3,339	\$1,498	\$8,505	\$3,255	\$6,860
<i>Memo: Total ITC/PTC Tax Subsidization</i>	\$mm	—	—	—	\$449	\$2,552	\$977	\$2,058
Facility Output	MW	600	800	620	1,070	2,430	1,860	700
Capacity Factor	%	93%	70%	90%	52%	23%	30%	80%
Effective Facility Output	MW	558	558	558	558	558	558	558
MWh/Year Produced ^(e)	GWh/yr	4,888	4,888	4,888	4,888	4,888	4,888	4,888
Levelized Cost of Energy	\$/MWh	\$66	\$61	\$92	\$37	\$180	\$72	\$118
Total Cost of Energy Produced	\$mm/yr	\$324 ²	\$298	\$452	\$183	\$880	\$354 ¹	\$579
Carbon Emitted	mm Tons/yr	4.54	1.92	—	—	—	—	—
Difference in Carbon Emissions	mm Tons/yr							
vs. Coal		—	2.62	4.54	4.54	4.54	4.54	4.54
vs. Gas		—	—	1.92	1.92	1.92	1.92	1.92
Difference in Total Energy Cost	\$mm/yr							
vs. Coal		—	(\$26)	\$128	(\$141)	\$557	\$31	\$255
vs. Gas		—	—	\$154	(\$115)	\$582	\$57	\$281
Implied Abatement Cost/(Saving)	\$/Ton							
vs. Coal		—	(\$10)	\$28	(\$31)	\$123	\$7	\$56
vs. Gas		—	—	\$80	(\$60)	\$304	\$30	\$147

Source: Lazard estimates.

Note: Does not reflect production tax credit or investment tax credit. Assumes 2014 dollars, 20 – 40 year economic life, 40% tax rate and 5 – 40 year tax life. Assumes 2.5% annual escalation for O&M costs and fuel prices. Inputs for each of the various technologies are those associated with the low end levelized cost of energy.

- (a) Includes capitalized financing costs during construction for generation types with over 24 months construction time.
- (b) Based on advanced supercritical pulverized coal. Does not incorporate carbon capture and compression.
- (c) Represents single-axis tracking.
- (d) Low end represents concentrating solar tower with 18-hour storage capability.
- (e) All facilities sized to produce 4,888 GWh/yr.

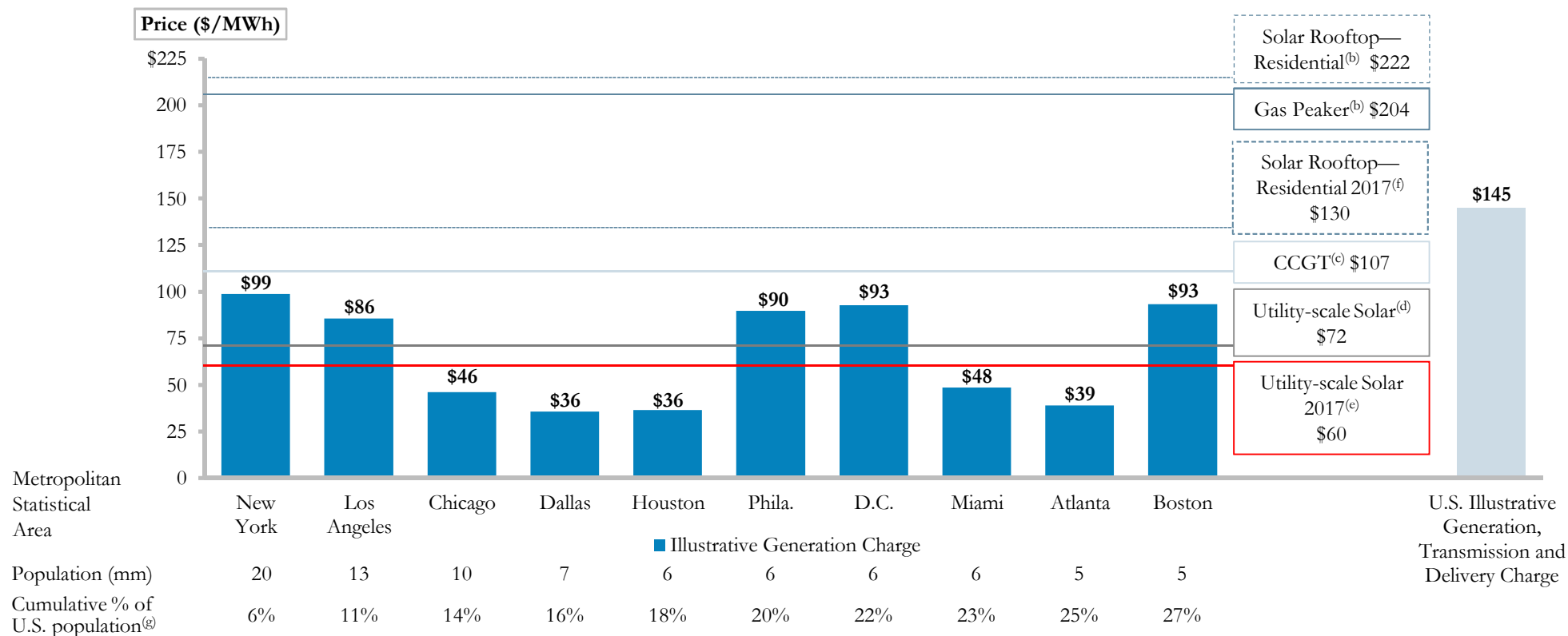
Illustrative Implied Carbon Abatement Cost Calculation:

- ⁴ Difference in Total Energy Cost vs. Coal = ¹ – ²
= \$354 mm/yr (solar) – \$324 mm/yr (coal) = \$31 mm/yr
- ⁵ Implied Abatement Cost vs. Coal = ⁴ ÷ ³
= \$31 mm/yr ÷ 4.54 mm Tons/yr = \$7/Ton

Generation Rates for the 10 Largest U.S. Metropolitan Areas^(a)

Setting aside the legislatively-mandated demand for solar and other Alternative Energy resources, utility-scale solar is becoming a more economically viable peaking energy product in many areas of the U.S. and, as pricing declines, could become economically competitive across a broader array of geographies

- Such observation does not take into account potential social and environmental externalities or reliability-related considerations



Source: EEI, Ventyx.

Note: Actual delivered generation prices may be higher, reflecting historical composition of resource portfolio.

(a) Defined as 10 largest Metropolitan Statistical Areas per the U.S. Census Bureau for a total population of 83 million.

(b) Represents an average of the high and low levelized cost of energy.

(c) Assumes 25% capacity factor.

(d) Represents low end of utility-scale solar. Excludes investment tax credit.

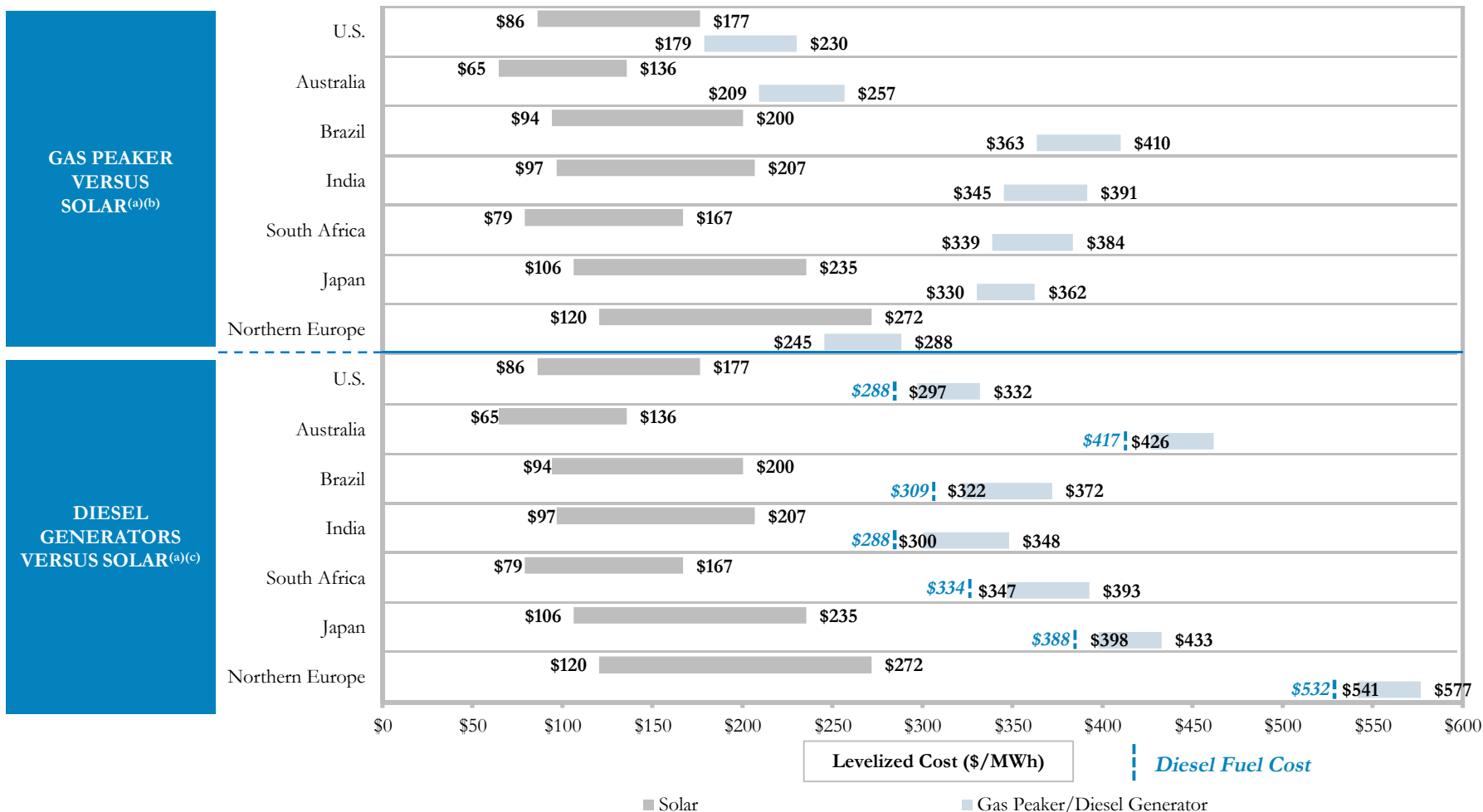
(e) Represents estimated implied levelized cost of energy in 2017, assuming \$1.25 per watt for a single-axis tracking system. Excludes investment tax credit.

(f) Represents estimated implied levelized cost of energy in 2017, assuming \$2.20 per watt (average of high and low).

(g) Represents 2013 census data.

Solar versus Peaking Capacity—Global Markets

Solar PV can be an attractive resource relative to gas and diesel-fired peaking in many parts of the world due to high fuel costs; without storage, however, solar lacks the dispatch characteristics of conventional peaking technologies

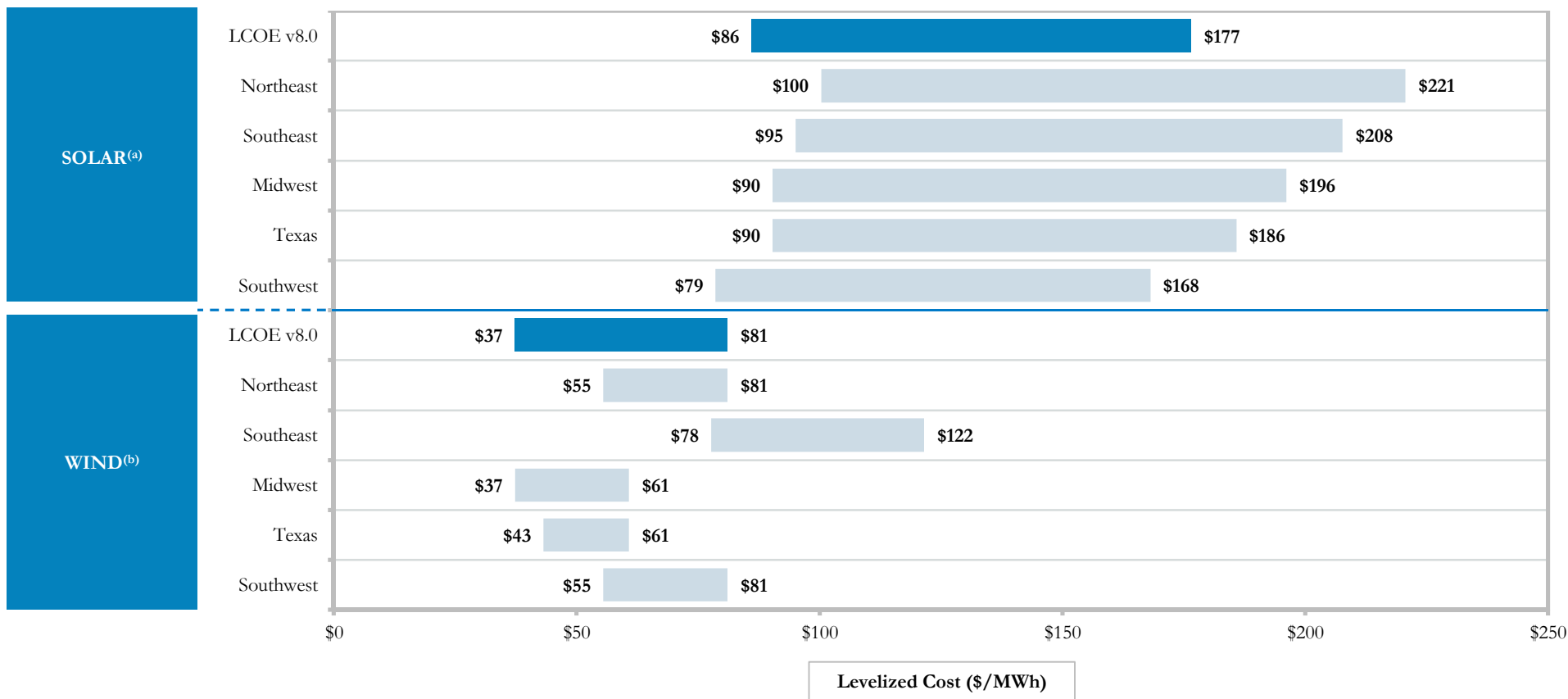


Source: World Bank, IHS Waterborne LNG, Department of Energy of South Africa, Sydney and Brisbane Hub Trading Prices and Lazard estimates.

- (a) Low end assumes a solar fixed-tilt utility-scale system with per watt capital costs of \$1.50. High end assumes a solar rooftop C&I system with per watt capital costs of \$3.00. Solar projects assume capacity factors of 26% – 28% for Australia, 25% – 27% for Brazil, 23% – 25% for India, 27% – 29% for South Africa, 15% – 17% for Japan and 13% – 15% for Northern Europe. Equity IRRs of 12% are assumed for Australia, Japan and Northern Europe and 18% for Brazil, India and South Africa; assumes cost of debt of 8% for Australia, Japan and Northern Europe, 14.5% for Brazil, 13% for India and 11.5% for South Africa.
- (b) Assumes natural gas prices of \$7 for Australia, \$16 for Brazil, \$15 for India, \$15 for South Africa, \$17 for Japan and \$10 for Northern Europe (all in U.S.\$ per MMBtu). Assumes a capacity factor of 10%.
- (c) Diesel assumes high end capacity factor of 30% representing intermittent utilization and low end capacity factor of 95% representing baseload utilization, O&M cost of \$15 per KW/year, heat rate of 10,000 Btu/KWh and total capital costs of \$500 to \$800 per KW of capacity. Assumes diesel prices of \$5.80 for Australia, \$4.30 for Brazil, \$4.00 for India, \$4.65 for South Africa, \$5.40 for Japan and \$7.40 for Northern Europe (all in U.S.\$ per gallon).

Wind and Solar Resource—U.S. Regional Sensitivity (Unsubsidized)

The availability of wind and solar resource has a meaningful impact on the levelized cost of energy for various regions of the United States. This regional analysis varies capacity factors as a proxy for resource availability, while holding other variables constant. There are a variety of other factors (e.g., transmission, back-up generation/system reliability costs, labor rates, permitting and other costs) that would also impact regional costs



Source: Lazard estimates.

Note: Assumes solar capacity factors of 16% – 18% for the Northeast, 17% – 19% for the Southeast, 18% – 20% for the Midwest, 19% – 20% for Texas and 21% – 23% for the Southwest. Assumes wind capacity factors of 30% – 35% for the Northeast, 20% – 25% for the Southeast, 40% – 52% for the Midwest, 40% – 45% for Texas and 30% – 35% for the Southwest.

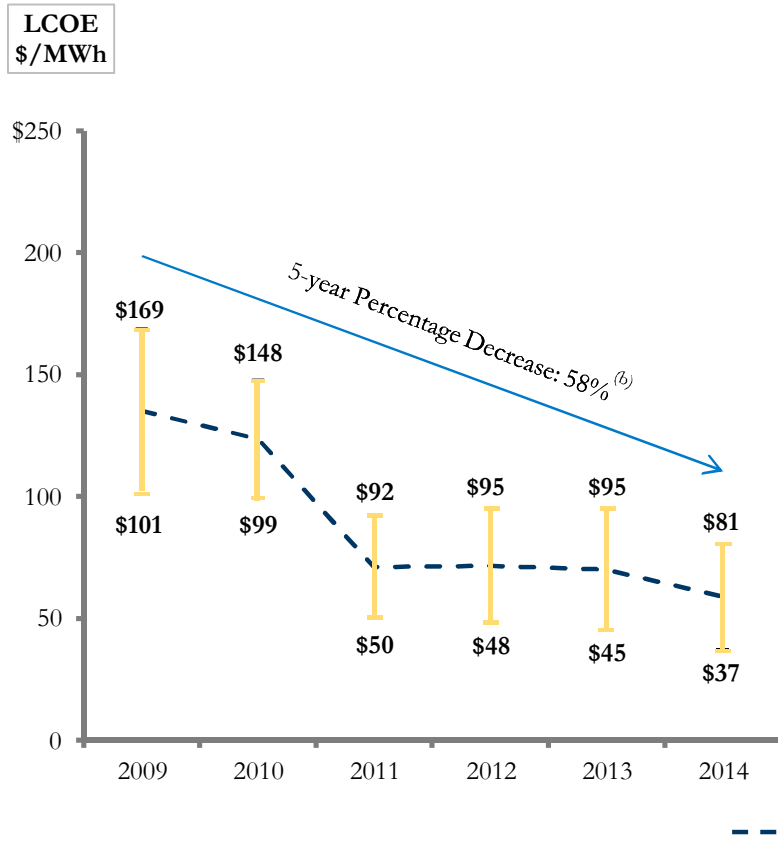
(a) Low end assumes a solar fixed-tilt utility-scale system with per watt capital costs of \$1.50. High end assumes a solar rooftop C&I system with per watt capital costs of \$3.00.

(b) Assumes an onshore wind generation plant with capital costs of \$1.40 – \$1.80 per watt.

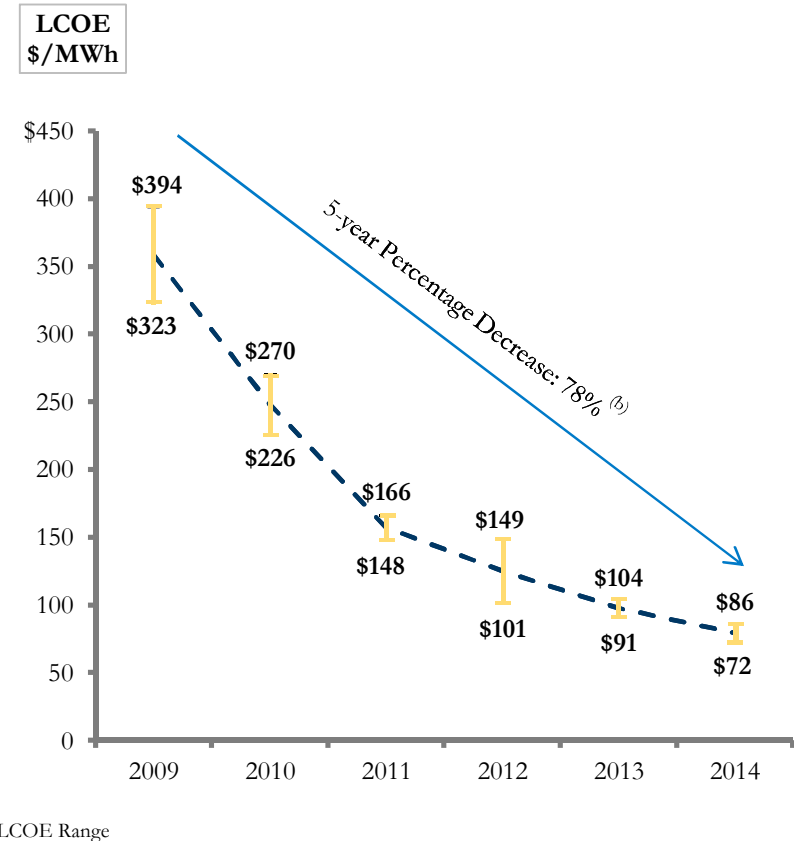
Levelized Cost of Energy—Wind/Solar PV (Historical)

Over the last five years, wind and solar PV have become increasingly cost-competitive with conventional generation technologies, on an unsubsidized basis, in light of material declines in the pricing of system components (e.g., panels, inverters, racking, turbines, etc.), and dramatic improvements in efficiency, among other factors

WIND LCOE



SOLAR PV LCOE^(a)



Source: Lazard estimates.

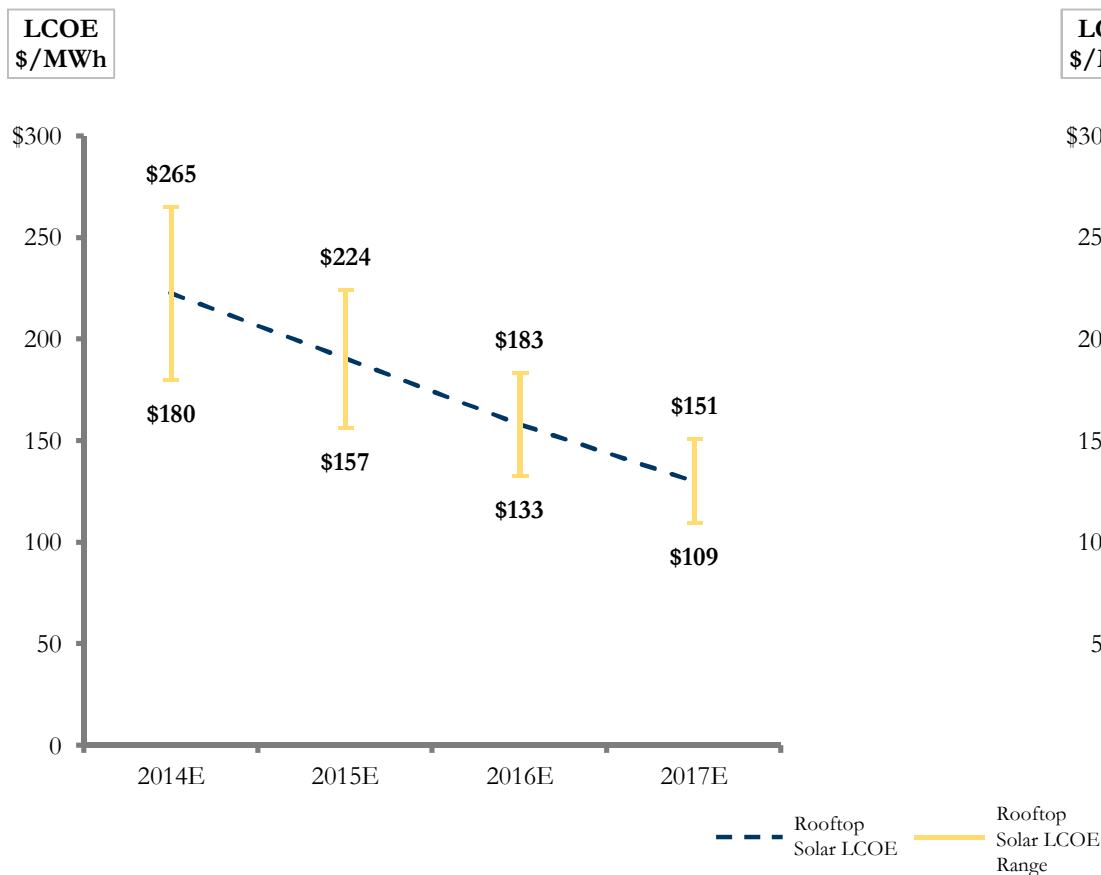
(a) Represents LCOE range of utility-scale crystalline solar PV. High end represents fixed installation, while low end represents single-axis tracking in high insolation jurisdictions (e.g., Southwest U.S.).

(b) Represents average percentage decrease of high and low of LCOE range.

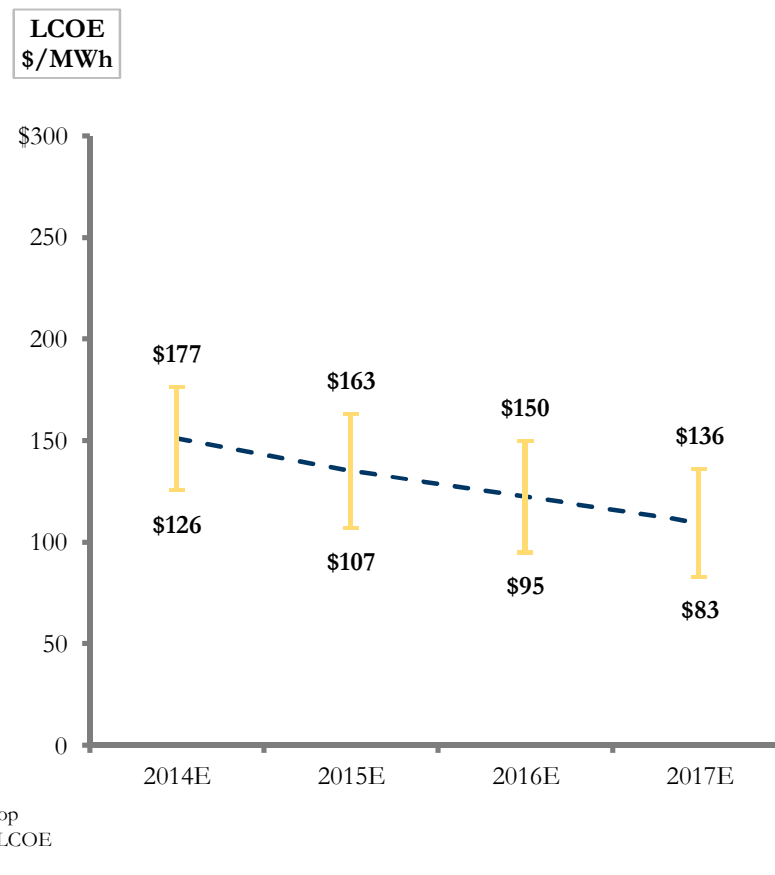
Levelized Cost of Energy—Rooftop Solar (Forecasted)

Rooftop solar has benefited from the rapid decline in price of both panels and key balance-of-system components (e.g., inverters, racking, etc.); while the small-scale nature and added complexity of rooftop installation limit cost reduction levels (vs. levels observed in utility-scale applications), more efficient installation techniques, lower costs of capital and improved supply chains will contribute to a lower rooftop solar LCOE over time

ROOFTOP RESIDENTIAL LCOE^(a)



ROOFTOP C&I LCOE^(b)



Source: Lazard estimates, BNEF and Wall Street research.

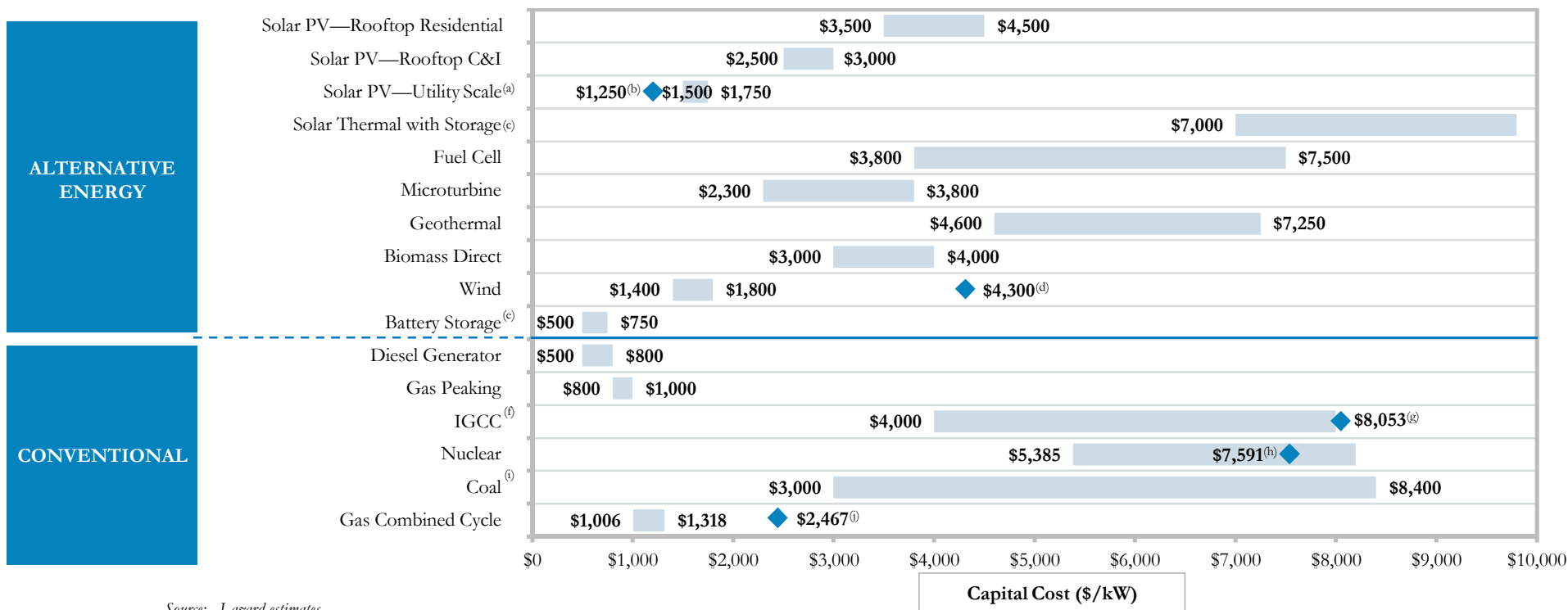
Note: Assumes capacity factors of 20% – 23%.

(a) Represents total high-end capital costs per watt of \$4.50, \$3.75, \$3.00 and \$2.40 and total low-end capital costs per watt of \$3.50, \$3.00, \$2.50 and \$2.00 over 2014 – 2017, respectively. Assumes fixed O&M of \$25 – \$30 per kW/year for 2014 – 2017.

(b) Represents total high-end capital costs per watt of \$3.00, \$2.75, \$2.50 and \$2.25 and total low-end capital costs per watt of \$2.50, \$2.10, \$1.85 and \$1.60 over 2014 – 2017, respectively. Assumes fixed O&M of \$13 – \$20 per kW/year for 2014 – 2017.

Capital Cost Comparison

While capital costs for a number of Alternative Energy generation technologies (e.g., solar PV, solar thermal) are currently in excess of some conventional generation technologies (e.g., gas), declining costs for many Alternative Energy generation technologies, coupled with rising long-term construction and uncertain long-term fuel costs for conventional generation technologies, are working to close formerly wide gaps in electricity costs. This assessment, however, does not take into account issues such as dispatch characteristics, capacity factors, fuel and other costs needed to compare generation technologies

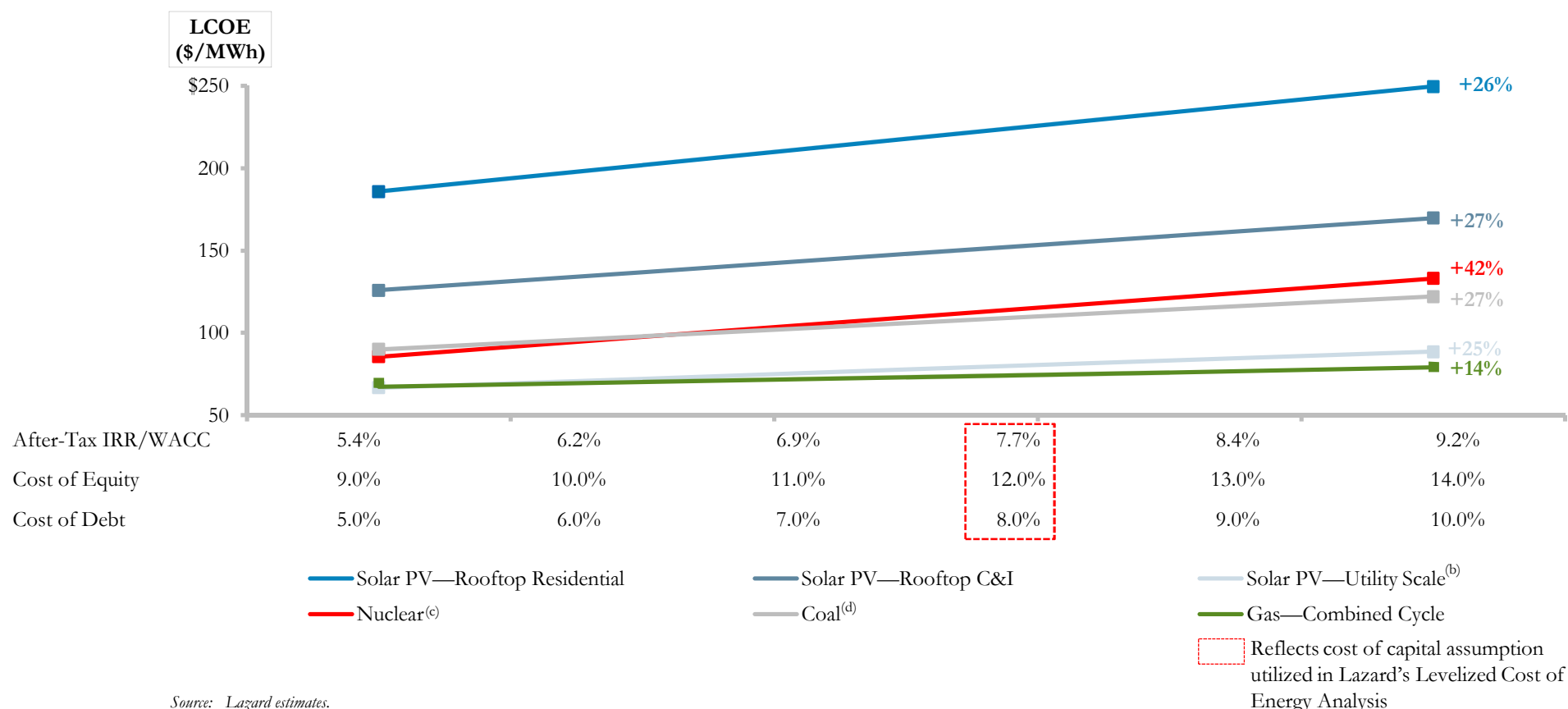


Source: Lazard estimates.

- (a) High end represents single-axis tracking. Low end represents fixed-tilt installation.
- (b) Diamond represents estimated capital costs in 2017, assuming \$1.25 per watt for a single-axis tracking system.
- (c) Low end represents concentrating solar tower with 10-hour storage capability. High end represents concentrating solar tower with 18-hour storage capability.
- (d) Represents estimated midpoint of capital costs for offshore wind, assuming a capital cost range of \$3.10 – \$5.50 per watt.
- (e) Indicative range based on current stationary storage technologies.
- (f) High end incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.
- (g) Represents estimate of current U.S. new IGCC construction with carbon capture and compression. Does not include cost of transportation and storage.
- (h) Represents estimate of current U.S. new nuclear construction.
- (i) Based on advanced supercritical pulverized coal. High end incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.
- (j) Incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.

Levelized Cost of Energy—Sensitivity to Cost of Capital

A key issue facing Alternative Energy generation technologies resulting from the potential for intermittently disrupted capital markets (and the relatively immature state of some aspects of financing Alternative Energy technologies) is the impact of the availability and cost of capital^(a) on their LCOEs; availability and cost of capital have a particularly significant impact on Alternative Energy generation technologies, whose costs reflect essentially the return on, and of, the capital investment required to build them



Source: Lazard estimates.

(a) Cost of capital associated with the particular Alternative Energy generation technology (not the cost of capital of the investor/developer).

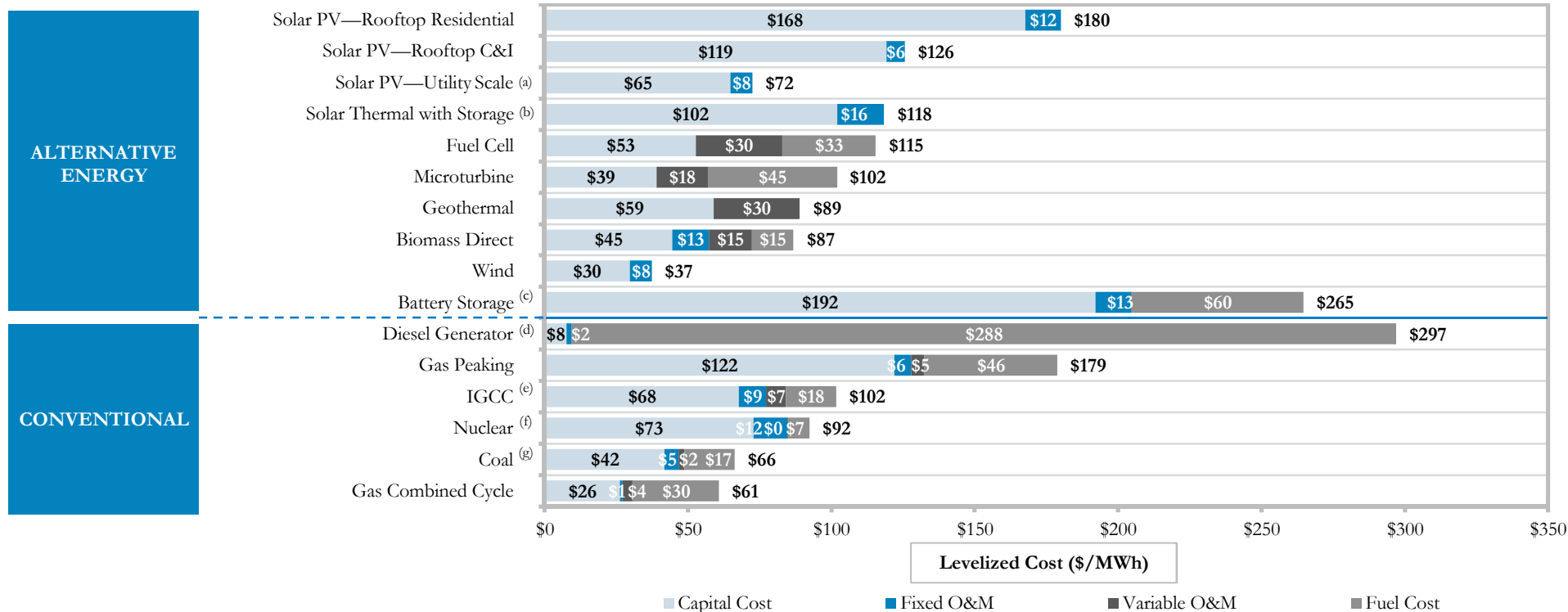
(b) Assumes a fixed-tilt Solar PV utility-scale system with capital costs of \$1.50 per watt.

(c) Does not reflect decommissioning costs or potential economic impact of federal loan guarantees or other subsidies.

(d) Based on advanced supercritical pulverized coal.

Levelized Cost of Energy Components—Low End

Certain Alternative Energy generation technologies are already cost-competitive with conventional generation technologies; a key factor regarding the long-term competitiveness of currently more expensive Alternative Energy technologies is the ability of technological development and increased production volumes to materially lower the capital costs of certain Alternative Energy technologies, and their levelized cost of energy, over time (e.g., as has been the case with solar PV and wind technologies)

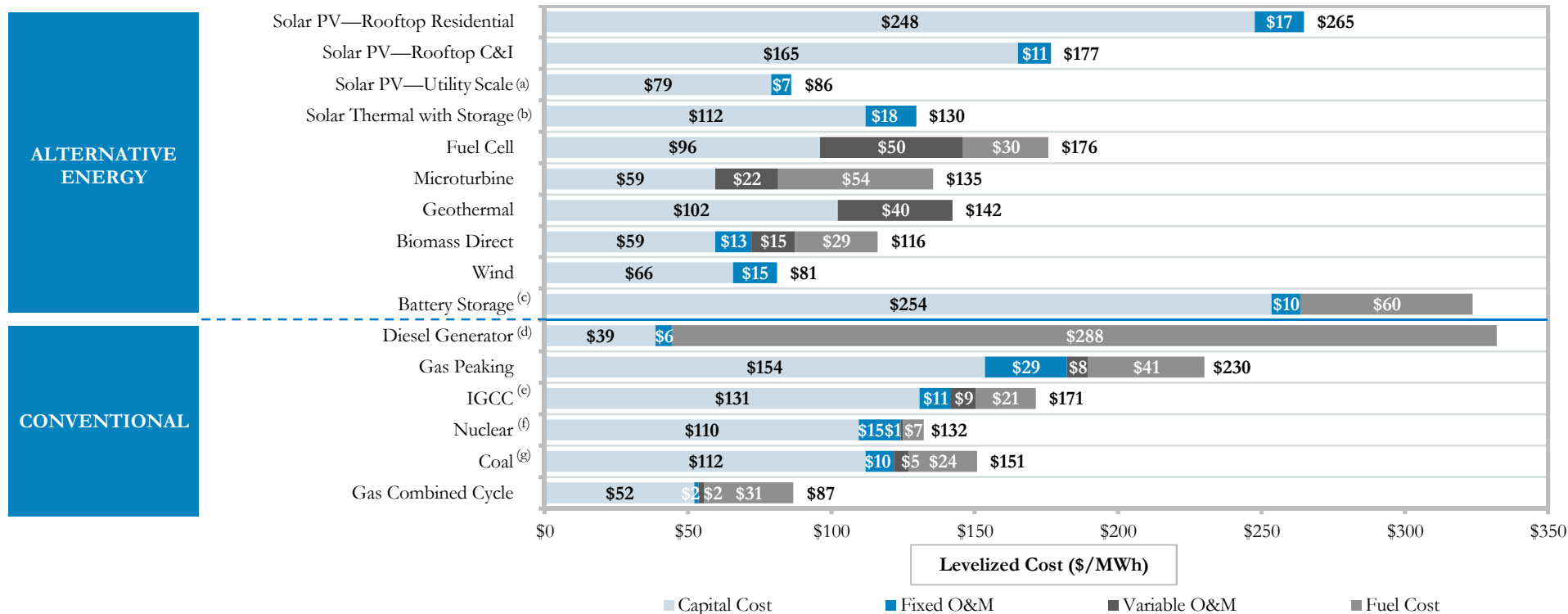


Source: Lazard estimates.

- (a) Low end represents single-axis tracking.
- (b) Low end represents concentrating solar tower with 18-hour storage capability.
- (c) Low end represents lead acid battery.
- (d) Low end represents continuous operation.
- (e) Does not incorporate carbon capture and compression.
- (f) Does not reflect decommissioning costs or potential economic impact of federal loan guarantees or other subsidies.
- (g) Based on advanced supercritical pulverized coal. Does not incorporate carbon capture and compression.

Levelized Cost of Energy Components—High End

Certain Alternative Energy generation technologies are already cost-competitive with conventional generation technologies; a key factor regarding the long-term competitiveness of currently more expensive Alternative Energy technologies is the ability of technological development and increased production volumes to materially lower the capital costs of certain Alternative Energy technologies, and their levelized cost of energy, over time (e.g., as has been the case with solar PV and wind technologies)



Source: Lazard estimates.

- (a) High end represents fixed-tilt installation.
- (b) High end represents concentrating solar tower with 10-hour storage capability.
- (c) High end represents NaS technology.
- (d) High end represents intermittent operation.
- (e) High end incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.
- (f) Does not reflect decommissioning costs or potential economic impact of federal loan guarantees or other subsidies.
- (g) Based on advanced supercritical pulverized coal. High end incorporates 90% carbon capture and compression. Does not include cost of transportation and storage.

Energy Resources: Matrix of Applications

While the levelized cost of energy for Alternative Energy generation technologies is becoming increasingly competitive with conventional generation technologies, direct comparisons must take into account issues such as location (e.g., central station vs. customer-located) and dispatch characteristics (e.g., baseload and/or dispatchable intermediate load vs. peaking or intermittent technologies)

- This analysis does not take into account potential social and environmental externalities or reliability-related considerations

		LEVELIZED COST OF ENERGY	CARBON NEUTRAL/ REC POTENTIAL	STATE OF TECHNOLOGY	LOCATION			DISPATCH			
					CUSTOMER LOCATED	CENTRAL STATION	GEOGRAPHY	INTERMITTENT	PEAKING	LOAD- FOLLOWING	BASE- LOAD
ALTERNATIVE ENERGY	SOLAR PV	\$72 – 265 ^(a)	✓	Commercial	✓	✓	Universal ^(b)	✓	✓		
	SOLAR THERMAL	\$118 – 130 ^(a)	✓	Commercial		✓	Southwest	✓	✓	✓	
	FUEL CELL	\$115 – 176	?	Emerging/ Commercial	✓		Universal				✓
	MICROTURBINE	\$102 – 135	?	Emerging/ Commercial	✓		Universal				✓
	GEOTHERMAL	\$89 – 142	✓	Mature		✓	Varies				✓
	BIOMASS DIRECT	\$87 – 116	✓	Mature		✓	Universal			✓	✓
	ONSHORE WIND	\$37 – 81	✓	Mature		✓	Varies	✓			
BATTERY STORAGE	\$265 – 324	✓	Emerging	✓	✓	Varies		✓	✓		
CONVENTIONAL	DIESEL GENERATOR	\$297 – 332	✗	Mature	✓		Universal	✓	✓	✓	✓
	GAS PEAKING	\$179 – 230	✗	Mature	✓	✓	Universal		✓	✓	
	IGCC	\$102 – 171	✗ ^(c)	Emerging ^(d)		✓	Co-located or rural				✓
	NUCLEAR	\$92 – 132	✓	Mature/ Emerging		✓	Co-located or rural				✓
	COAL	\$66 – 151	✗ ^(c)	Mature ^(d)		✓	Co-located or rural				✓
	GAS COMBINED CYCLE	\$61 – 87	✗	Mature	✓	✓	Universal			✓	✓

Source: Lazard estimates.

(a) LCOE study capacity factor assumes Southwest location.

(b) Qualification for RPS requirements varies by location.

(c) Could be considered carbon neutral technology, assuming carbon capture and compression.

(d) Carbon capture and compression technologies are in emerging stage.

Levelized Cost of Energy—Key Assumptions

	Units	Solar PV				Solar Thermal Tower with Storage ^(d)	Fuel Cell
		Rooftop—Residential	Rooftop—C&I	Utility Scale— Crystalline ^(c)	Utility Scale— Thin Film ^(c)		
Net Facility Output	MW	0.005	1	10	10	75 – 110	2.4
EPC Cost	\$/kW	\$3,500 – \$4,500	\$2,500 – \$3,000	\$1,750 – \$1,500	\$1,750 – \$1,500	\$8,750 – \$6,250	\$3,000 – \$7,500
Capital Cost During Construction	\$/kW	included	included	included	included	\$1,050 – \$750	included
Other Owner's Costs	\$/kW	included	included	included	included	included	\$800 – included
Total Capital Cost ^(a)	\$/kW	\$3,500 – \$4,500	\$2,500 – \$3,000	\$1,750 – \$1,500	\$1,750 – \$1,500	\$9,800 – \$7,000	\$3,800 – \$7,500
Fixed O&M	\$/kW-yr	\$25.00 – \$30.00	\$13.00 – \$20.00	\$20.00 – \$13.00	\$20.00 – \$13.00	\$115.00 – \$80.00	—
Variable O&M	\$/MWh	—	—	—	—	—	\$30 – \$50
Heat Rate	Btu/kWh	—	—	—	—	—	7,260 – 6,600
Capacity Factor	%	23% – 20%	23% – 20%	30% – 21%	30% – 21%	80% – 52%	95%
Fuel Price	\$/MMBtu	—	—	—	—	—	\$4.50
Construction Time	Months	3	3	12	12	30	3
Facility Life	Years	20	20	20	20	40	20
CO ₂ Emissions	lb/MMBtu	—	—	—	—	—	0 – 117
Investment Tax Credit ^(b)	%	—	—	—	—	—	—
Production Tax Credit ^(b)	\$/MWh	—	—	—	—	—	—
Levelized Cost of Energy ^(b)	\$/MWh	\$180 – \$265	\$126 – \$177	\$72 – \$86	\$72 – \$86	\$118 – \$130	\$115 – \$176

Source: Lazard estimates.

(a) Includes capitalized financing costs during construction for generation types with over 24 months construction time.

(b) While prior versions of this study have presented LCOE inclusive of the U.S. Federal Investment Tax Credit and Production Tax Credit, Versions 6.0 – 8.0 present LCOE on an unsubsidized basis, except as noted on the page titled “Levelized Cost of Energy—Sensitivity to U.S. Federal Tax Subsidies.”

(c) Low end represents single-axis tracking. High end represents fixed-tilt installation. Assumes 10 MW system in high insolation jurisdiction (e.g., Southwest U.S.). Not directly comparable for baseload. Does not account for differences in heat coefficients, balance-of-system costs or other potential factors which may differ across solar technologies.

(d) Low end represents concentrating solar tower with 18-hour storage capability. High end represents concentrating solar tower with 10-hour storage capability.

Levelized Cost of Energy—Key Assumptions (cont'd)

	Units	Microturbine	Geothermal	Biomass Direct	Wind	Off-Shore Wind	Battery Storage ^(c)
Net Facility Output	MW	1	30	35	100	210	6
EPC Cost	\$/kW	\$2,300 – \$3,800	\$4,021 – \$6,337	\$2,622 – \$3,497	\$1,100 – \$1,400	\$2,500 – \$4,620	\$500 – \$750
Capital Cost During Construction	\$/kW	included	\$579 – \$913	\$378 – \$503	included	included	included
Other Owner's Costs	\$/kW	included	included	included	\$300 – \$400	\$600 – \$880	included
Total Capital Cost ^(a)	\$/kW	\$2,300 – \$3,800	\$4,600 – \$7,250	\$3,000 – \$4,000	\$1,400 – \$1,800	\$3,100 – \$5,500	\$500 – \$750
Fixed O&M	\$/kW-yr	—	—	\$95.00	\$35.00 – \$40.00	\$60.00 – \$100.00	\$27.50 – \$22.00
Variable O&M	\$/MWh	\$18.00 – \$22.00	\$30.00 – \$40.00	\$15.00	—	\$13.00 – \$18.00	—
Heat Rate	Btu/kWh	10,000 – 12,000	—	14,500	—	—	—
Capacity Factor	%	95%	90% – 80%	85%	52% – 30%	43% – 37%	25% – 25%
Fuel Price	\$/MMBtu	\$4.50	—	\$1.00 – \$2.00	—	—	\$60 ^(c)
Construction Time	Months	3	36	36	12	12	3
Facility Life	Years	20	20	20	20	20	20
CO ₂ Emissions	lb/MMBtu	—	—	—	—	—	—
Investment Tax Credit ^(b)	%	—	—	—	—	—	—
Production Tax Credit ^(b)	\$/MWh	—	—	—	—	—	—
Levelized Cost of Energy ^(b)	\$/MWh	\$102 – \$135	\$89 – \$142	\$87 – \$116	\$37 – \$81	\$110 – \$214	\$265 – \$324

Source: Lazard estimates.

(a) Includes capitalized financing costs during construction for generation types with over 24 months construction time.

(b) While prior versions of this study have presented LCOE inclusive of the U.S. Federal Investment Tax Credit and Production Tax Credit, Versions 6.0 – 8.0 present LCOE on an unsubsidized basis, except as noted on the page titled “Levelized Cost of Energy—Sensitivity to U.S. Federal Tax Subsidies.”

(c) Assumes capital costs of \$500 – \$750/KWh for 6 hours of storage capacity, \$60/MWh cost to charge, one full cycle per day (full charge and discharge), efficiency of 75% – 85% and fixed O&M costs of \$22.00 to \$27.50 per KWh installed per year.

Levelized Cost of Energy—Key Assumptions (cont'd)

	Units	Diesel Generator ^(e)	Gas Peaking	IGCC ^(d)	Nuclear ^(e)	Coal ^(f)	Gas Combined Cycle
Net Facility Output	MW	2	216 – 103	580	1,100	600	550
EPC Cost	\$/kW	\$500 – \$800	\$580 – \$700	\$3,257 – \$6,390	\$3,750 – \$5,250	\$2,027 – \$6,067	\$743 – \$1,004
Capital Cost During Construction	\$/kW	included	included	\$743 – \$1,610	\$1,035 – \$1,449	\$487 – \$1,602	\$107 – \$145
Other Owner's Costs	\$/kW	included	\$220 – \$300	included	\$600 – \$1,500	\$486 – \$731	\$156 – \$170
Total Capital Cost ^(a)	\$/kW	\$500 – \$800	\$800 – \$1,000	\$4,000 – \$8,000	\$5,385 – \$8,199	\$3,000 – \$8,400	\$1,006 – \$1,318
Fixed O&M	\$/kW-yr	\$15.00	\$5.00 – \$25.00	\$62.25 – \$73.00	\$95.00 – \$115.00	\$40.00 – \$80.00	\$6.20 – \$5.50
Variable O&M	\$/MWh	—	\$4.70 – \$7.50	\$7.00 – \$8.50	\$0.25 – \$0.75	\$2.00 – \$5.00	\$3.50 – \$2.00
Heat Rate	Btu/kWh	10,000	10,300 – 9,000	8,800 – 10,520	10,450	8,750 – 12,000	6,700 – 6,900
Capacity Factor	%	95% – 30%	10%	75%	90%	93%	70% – 40%
Fuel Price	\$/MMBtu	\$28.76	\$4.50	\$1.99	\$0.70	\$1.99	\$4.50
Construction Time	Months	3	25	57 – 63	69	60 – 66	36
Facility Life	Years	20	20	40	40	40	20
CO ₂ Emissions	lb/MMBtu	0 – 117	117	169	—	211	117
Investment Tax Credit ^(b)	%	—	—	—	—	—	—
Production Tax Credit ^(b)	\$/MWh	—	—	—	—	—	—
Levelized Cost of Energy ^(b)	\$/MWh	\$297 – \$332	\$179 – \$230	\$102 – \$171	\$92 – \$132	\$66 – \$151	\$61 – \$87

Source: Lazard estimates.

(a) Includes capitalized financing costs during construction for generation types with over 24 months construction time.

(b) While prior versions of this study have presented LCOE inclusive of the U.S. Federal Investment Tax Credit and Production Tax Credit, Versions 6.0 – 8.0 present LCOE on an unsubsidized basis, except as noted on the page titled “Levelized Cost of Energy—Sensitivity to U.S. Federal Tax Subsidies.”

(c) Low end represents continuous operation. High end represents intermittent operation. Assumes diesel price of \$4.00 per gallon.

(d) High end incorporates 90% carbon capture and compression. Does not include cost of storage and transportation.

(e) Does not reflect decommissioning costs or potential economic impact of federal loan guarantees or other subsidies.

(f) Based on advanced supercritical pulverized coal. High end incorporates 90% carbon capture and compression. Does not include cost of storage and transportation.

Summary Considerations

Lazard has conducted this study comparing the levelized cost of energy for various conventional and Alternative Energy generation technologies in order to understand which Alternative Energy generation technologies may be cost-competitive with conventional generation technologies, either now or in the future, and under various operating assumptions, as well as to understand which technologies are best suited for various applications based on locational requirements, dispatch characteristics and other factors. We find that Alternative Energy technologies are complementary to conventional generation technologies, and believe that their use will be increasingly prevalent for a variety of reasons, including RPS requirements, carbon regulations, continually improving economics as underlying technologies improve and production volumes increase, and government subsidies in certain regions.

In this study, Lazard's approach was to determine the levelized cost of energy, on a \$/MWh basis, that would provide an after-tax IRR to equity holders equal to an assumed cost of equity capital. Certain assumptions (e.g., required debt and equity returns, capital structure, and economic life) were identical for all technologies, in order to isolate the effects of key differentiated inputs such as investment costs, capacity factors, operating costs, fuel costs (where relevant) and U.S. federal tax incentives on the levelized cost of energy. These inputs were developed with a leading consulting and engineering firm to the Power & Energy Industry, augmented with Lazard's commercial knowledge where relevant. This study (as well as previous versions) has benefitted from additional input from a wide variety of industry participants.

Lazard has not manipulated capital costs or capital structure for various technologies, as the goal of the study was to compare the current state of various generation technologies, rather than the benefits of financial engineering. The results contained in this study would be altered by different assumptions regarding capital structure (e.g., increased use of leverage) or capital costs (e.g., a willingness to accept lower returns than those assumed herein).

Key sensitivities examined included fuel costs and tax subsidies. Other factors would also have a potentially significant effect on the results contained herein, but have not been examined in the scope of this current analysis. These additional factors, among others, could include: capacity value vs. energy value; stranded costs related to distributed generation or otherwise; network upgrade, transmission or congestion costs; integration costs; and costs of complying with various environmental regulations (e.g., carbon emissions offsets, emissions control systems). The analysis also does not address potential social and environmental externalities, including, for example, the social costs and rate consequences for those who cannot afford distribution generation solutions, as well as the long-term residual and societal consequences of various conventional generation technologies that are difficult to measure (e.g., nuclear waste disposal, environmental impacts, etc.).

Angela Wooten

From: Linda P <albemarlercandd@yahoo.com>
Sent: Wednesday, December 17, 2014 12:26 PM
To: frankmigliorie@edenton.net; fmigliorie@csj.edu
Cc: Linda Peterson
Subject: NC Wind Energy Fact Sheet
Attachments: SEWC NC Wind Energy Fact Sheet - Dec 2014.pdf

Categories: on agenda spreadsheet

Considering the regional interest in wind energy, we would like to share with you the attached North Carolina Wind Energy Fact Sheet prepared by the Southeastern Wind Coalition and Southeast Wind Energy Resource Center. Here is a link to more information:

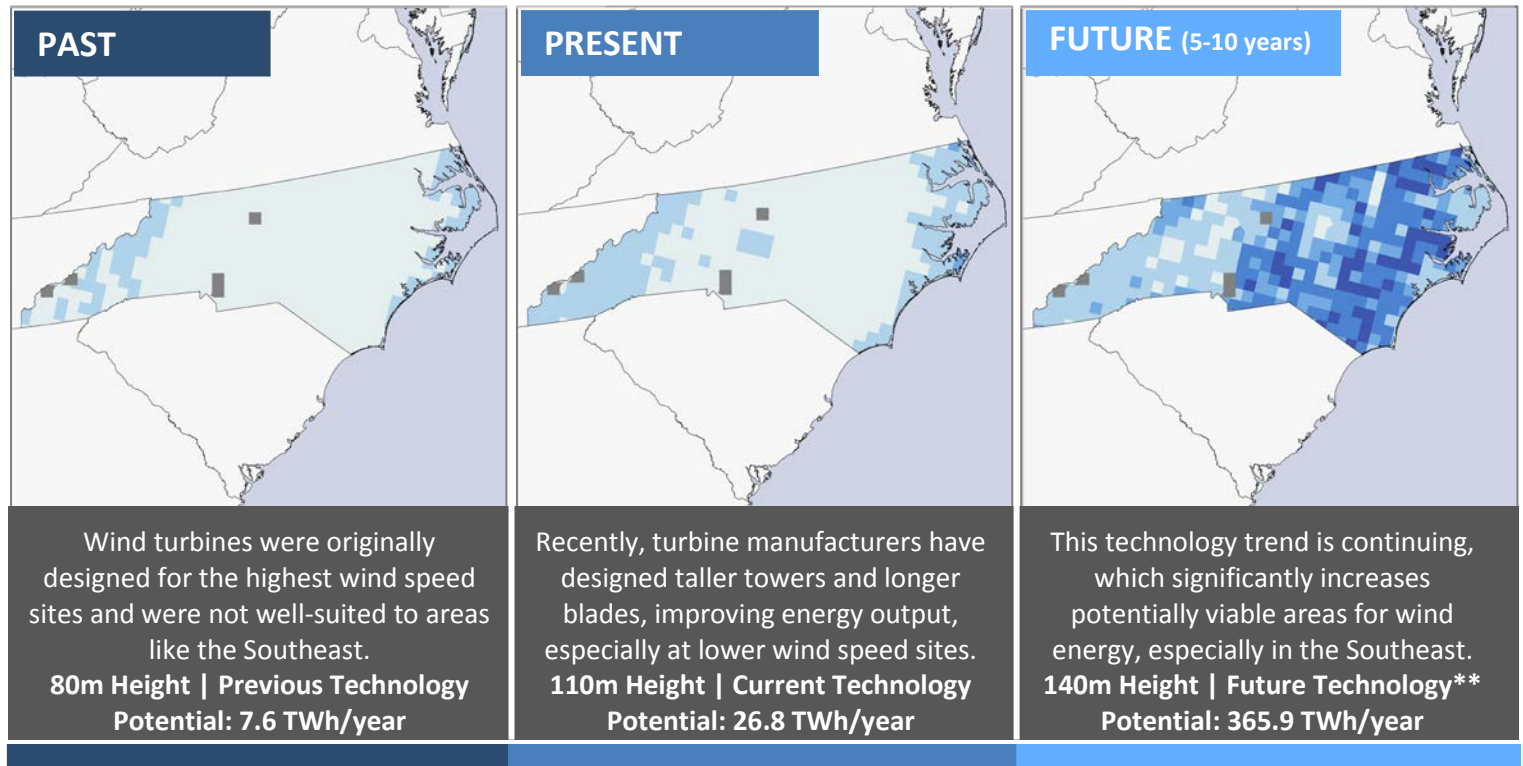
<http://sewind.org/news/entry/new-maps-highlight-evolution-of-land-based-wind-potential-in-southeast>

Linda Peterson

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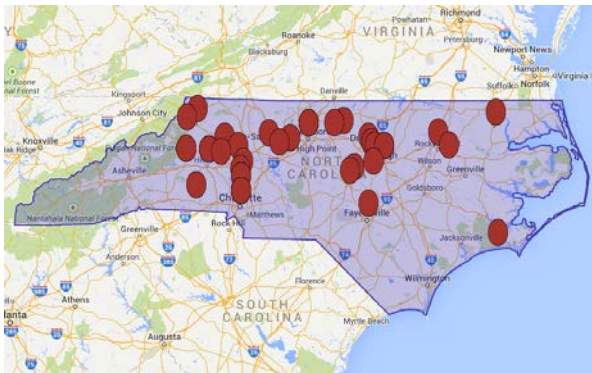
Resource Potential

Maps below estimate areas where wind energy could be economically viable* when using available turbine technology. Not all areas shown can be developed.



Wind Industry Supply Chain

North Carolina is already home to over 32 companies and nearly 50 facilities that are involved in the full value chain of the wind energy industry, even though no wind farms exist in the state. Some notable examples include companies like ABB, Nucor Steel, PPG Industries, Saertex, TE Connectivity, and American Roller Bearing.



Supply chain database under development

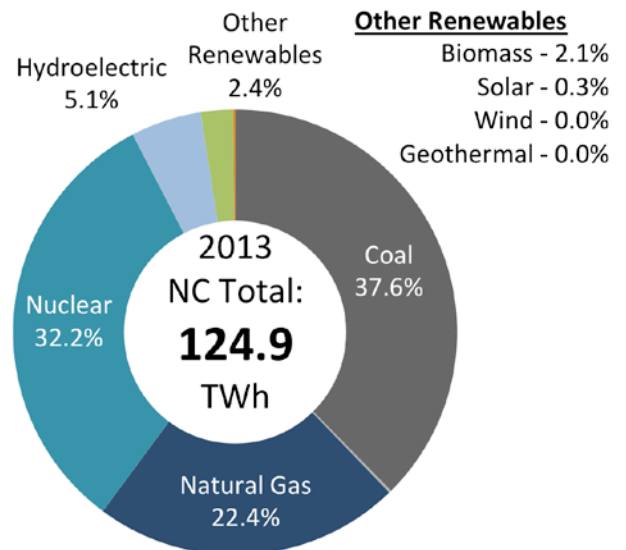
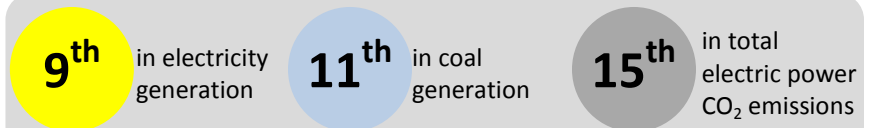
North Carolina Electricity Quick Facts

Age of Generators†

- COAL**
25 plants (8,416 MW) over 40 yrs old
- NATURAL GAS**
0 plants (0 MW) over 30 yrs old
- NUCLEAR**
4 plants (4,444 MW) over 30 yrs old

† 50MW and larger

State Rankings



Wind Energy Deployment in the U.S.

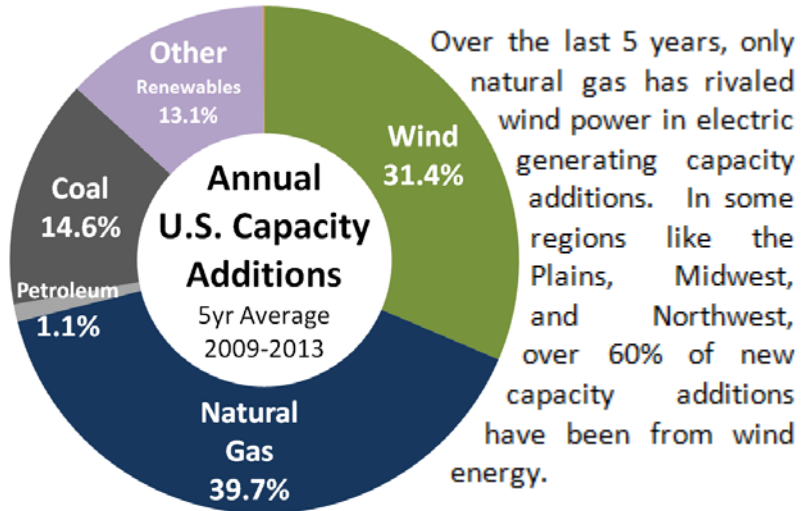
Top 10 Wind States*		
By % of Electricity		
1	Iowa	27.4%
2	South Dakota	26.0%
3	Kansas	19.4%
4	Idaho	16.2%
5	Minnesota	15.7%
6	North Dakota	15.6%
7	Oklahoma	14.8%
8	Colorado	13.8%
9	Oregon	12.4%
10	Wyoming	8.4%
By MW Installed		
1	Texas	12,354
2	California	5,829
3	Iowa	5,177
4	Illinois	3,568
5	Oregon	3,153
6	Oklahoma	3,134
7	Minnesota	2,987
8	Kansas	2,967
9	Washington	2,808
10	Colorado	2,332

61,110
Megawatts installed

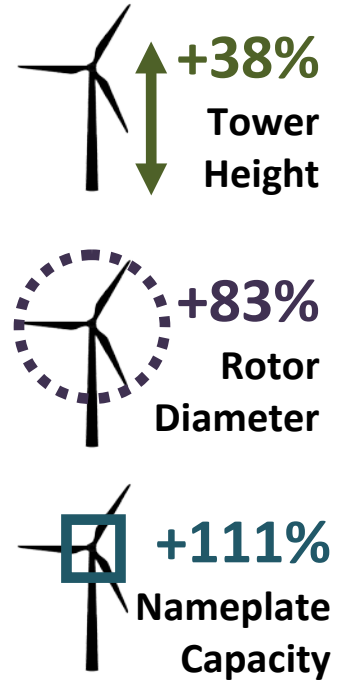
71%
of congressional districts w/ turbines and/or manufacturing

4.1%
of U.S. electricity from wind

* as of the end of 2013

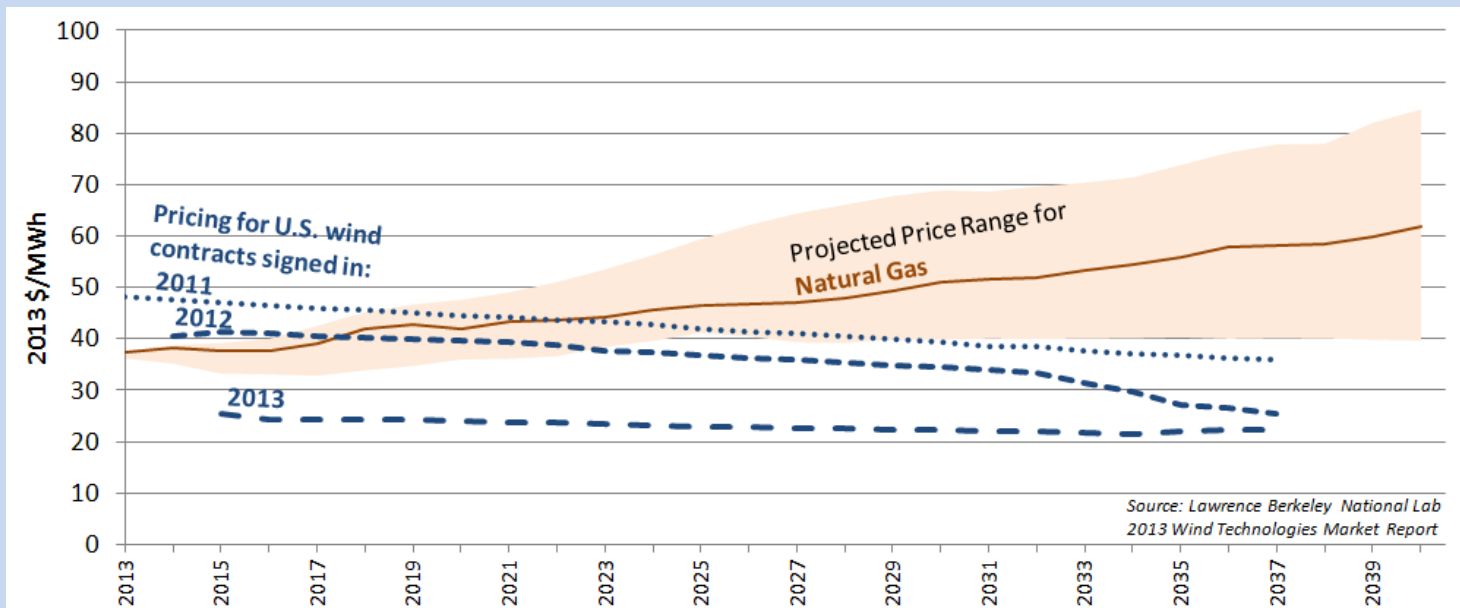


Technology Trends Since 2000



Wind Energy's Cost

Recent **wind prices** are **competitive** with expected future cost of burning fuel in **natural gas** plants



With no fuel cost and zero emissions, wind power provides **clean energy** with long-term, **stable pricing** and serves as a **financial hedge** against fossil fuel price volatility and potential future carbon pricing or regulations.

Pat McCrory, Governor

Sharon Allred Decker, Secretary



**NORTH CAROLINA
DEPARTMENT OF COMMERCE**

Release: Immediate
Date: December 18, 2014

Contact: Kim Genardo
Phone: (919) 733-3438

**N.C. Rural Infrastructure Authority Approves
Eighth Round of Grants**

RALEIGH, N.C. – North Carolina Commerce Secretary Sharon Decker and Assistant Secretary for Rural Development Dr. Pat Mitchell announced today that the N.C. Rural Infrastructure Authority (RIA) approved 13 grants or loans totaling more than \$5.1 million with the commitment of 299 new jobs.

The RIA was established as part of the Rural Economic Development Division at the N.C. Department of Commerce to assist with the review and approval of grants for rural areas in the state. The grants-making programs of the division include assistance for building reuse and well as infrastructure including water and sewer.

Community Development Block Grant (CDBG) loans approved:

- **Davidson County:** \$400,000 to lend to Surface Source USA to support the reuse of a 40,000 square foot industrial building located at 425 New Jersey Church Road. The building was originally constructed in 1973 and has been vacant for the past five years. Surface Source USA will invest \$1.5 million in renovating and equipping the building as a production and distribution facility for imported wood flooring products. The company has customers in both the US and Canada. **Surface Source USA has committed to create 20 new, full-time jobs.**
- **Lincoln County:** \$500,000 to lend to Carolina Nonwovens LLC to support the reuse of a vacant 120,000 square foot industrial building located on North General Blvd. in Lincolnton. The building has been vacant for over three years. Carolina

Nonwovens will invest over \$7 million in renovating and purchasing new equipment for the building. Carolina Nonwovens is a subsidiary of National Spinning and will manufacture nonwoven textile products used as dampening material in automobiles and appliances as well as cushions for outdoor furniture. The company currently has 38 employees and has **committed to creating 25 new, full-time jobs.**

The CDBG is a U.S. Housing and Urban Development (HUD) program that provides an annual allocation of funds to the state for rural economic development and residential infrastructure projects. DENR administers the rural residential infrastructure program and the N.C. Department of Commerce administers the economic development program. CDBG economic development provides grants to local governments for creating and retaining jobs. Funding for projects is based on the number of jobs to be created and the level of distress in the community applying for the funds.

The Industrial Development Fund Utility Account grants approved:

- **Stanly County:** \$500,000 to assist with sewer improvements to serve the Airport Road business corridor in Albemarle. The proposed improvements include upgrading pump stations and the installation of a sanitary sewer force main. The county is investing over \$620,000 in the cost of the infrastructure.
- **Town of Tarboro (Edgecombe County):** \$750,000 to assist with the purchase of a generator to provide direct assistance to General Foam Plastics during peak load periods, allowing the company to avoid the choice of either shutting down its line during these periods or paying a cost that is more than 3,000% the normal hourly rate charge. The project would also provide the town with the ability to fully serve other customers in the area during peak periods. The company will contribute \$300,000 towards the cost of the generator and invest almost \$2.3 million in machinery and equipment. **The company has committed to create 100 new, full-time jobs.**
- **Perquimans County:** \$1,500,000 to assist with Phase I of a 16.5 acre man-made marine basin. The purpose of Phase I is to attract marine manufacturers and supply chain manufacturers. The Perquimans commercial marine site is the only such site being developed on the US east coast that contains an upland marine basin.

The Utility Account of the Industrial Development Fund provides grants to units of local

government of the 80 most distressed counties in the state to assist in job creation. The funds may be used for publicly-owned infrastructure and should be used for projects that are reasonably expected to result in the creation of jobs.

Building Reuse Program grants/loans approved :

- **Alexander County:** \$150,000 to support the expansion of an 88,000 sq. ft. building in Taylorsville. The building was constructed in 1989 and has been occupied by Precision Materials for six years. Precision Materials designs and produces a wide variety of parts from wood, plastic, fiberglass, and composite materials. The company is currently producing furniture for IKEA and Ashley Furniture. The proposed project will assist with the construction of an additional 15,000 sq. ft. to the existing facility. **Precision Materials has committed to create 15 new, full-time jobs.**
- **The City of Washington (Beaufort County):** \$500,000 to support the expansion of a 387,000 sq. ft. building. The building was constructed in 1966 and has been occupied by idX Impressions for 18 months. idX Impressions is a manufacturer of store fixtures for major retailers such as Dell, John Deere, and JC Penney. The company has facilities throughout North America, as well as locations in Europe and Asia. **iDX Impressions has committed to create 50 new, full-time jobs.**
- **The Town of Edenton (Chowan County):** \$127,455 to support the reuse of a 3,200 sq. ft. space. The building was constructed in 1911 and the second floor of the building has been vacant for six years. The second floor has separate utilities and a separate entrance which meet the vacant building eligibility requirements. Standard Medical Acceptance, Inc. (SMA) is a New York based company that plans to locate a new operations center on the second floor of the building. **SMA has committed to create 11 new, full-time jobs.**
- **Granville County:** \$254,826 to support the reuse of a 50,000 sq. ft. building in Oxford. The building was constructed in 1994 and has been vacant for three years. IDEAL Fastener will locate in the building to expand its manufacturing operation. IDEAL Fastener is manufacturer of zippers for any application including apparel, automotive, furniture, and more. The company currently has another location in Oxford. Ideal Fastener has also been awarded a Job Development Investment Grant (JDIG) from the State of North Carolina. **Ideal Fastener has committed to create 21 new, full-time jobs.**
- **Halifax County:** \$33,794 to support the expansion of a 100,000 sq. ft. building in Weldon. The building was constructed in 1988 and has been occupied by Weldon

Steel for 15 years. Weldon Steel is a structural steel fabrication company that offers fabrication services for construction of commercial, government, educational, health, and industrial manufacturing facilities. **Weldon Steel has committed to create 4 new, full-time jobs.**

- **Montgomery County** \$200,000 to support the expansion of a 157,671 sq. ft. building in Biscoe. The building was constructed in 1946 and has been occupied by Grede Holdings, LLC for nearly four years. Grede Holdings, LLC is a full-service supplier of innovative metal components to the transportation and industrial markets. **Grede Holdings has committed to create 20 new, full-time jobs.**
- **The Town of Seagrove (Randolph County):** \$100,000 to support the reuse of a 51,550 sq. ft building. The building was constructed in 1973 and has been vacant for over four years. H&H Furniture, a manufacturer of residential upholstered furniture, will locate in the building to expand their operations. The company has been operating in North Carolina for 35 years and currently has a facility in Seagrove. **H&H Furniture has committed to create 20 new, full-time jobs.**
- **Rutherford County:** \$122,190 to support the reuse of a 6,000 sq. ft. building in Rutherfordton. The former Family Dollar facility was constructed in 1989 and has been vacant for three years. Family Preservation Services of NC, Inc. (FPS) will locate in the building to expand their existing operation. FPS is a healthcare company that provides a full array of community and office based behavioral and substance abuse services. The company has been operating in North Carolina for 14 years and currently has a facility in Rutherfordton. There are no expected changes to employment and no closures anticipated at the current location or any other NC locations. **Family Preservation Services has committed to create 13 new, full-time jobs.**

The Building Reuse Program provides grants/loans to local governments to support the reuse of vacant buildings and/or expand rural healthcare facilities that will lead to the creation of new, full-time jobs.

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