



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 28, 2013

The Honorable Phil Berger
President Pro-Tempore
North Carolina Senate
Legislative Building, Room 2008
Raleigh, North Carolina 27601-2808

The Honorable Thom Tillis
Speaker of the House
North Carolina House of Representatives
Legislative Building, Room 2304
Raleigh, North Carolina 27601-1096

RE: North Carolina Rural Economic Development Center transfer of funds
Joint Legislative Commission on Governmental Operations – October 29, 2013

On July 18, 2013 the Office of Budget and Management (OSBM) exercised its authority and fulfilled its responsibility under N.C. Gen. Stat. § 143C-6-23(f), to notify and direct the North Carolina Rural Center (Rural Center) that OSBM suspended the disbursement of grants to the Rural Center; and, directed the Rural Center to cease the expenditure of state funds for sub-grants and other expenditures, including compensation and administrative costs. State funds were released only after a review was conducted by OSBM to ensure: administrative and compensation expense were necessary and reasonable; and grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. Between July 18, 2013 and October 25, 2013, OSBM approved 16 requests for release of state funds. During this time frame approximately \$13.5 million of state funds and clean water bonds were released to support sub-grant payments, and compensation and administrative expenses. Schedule A provides a breakdown of each request and the corresponding release of funds letter.

OSBM is prepared to release the balance of state funds held by the Rural Center for a transfer by grant to the North Carolina Department of Commerce ("Commerce"), in the approximate amount of \$109,192,000 subject to an Amendment of existing contracts in regard to state funds and grants between the Rural Center and Commerce.

This amount includes approximately \$4.3 Million out of a balance of \$8.6 Million in interest and investment income earned on the unexpended balance of Clean Water Partner funds held by the Rural Center. On the advice of legal counsel for Commerce and the North Carolina Department of Justice, OSBM agrees it is in the best interest of the state to resolve and settle the legal dispute over whether this interest and investment income are state funds by having \$4.3 Million returned to the state, and the balance retained by the Rural Center.

A final accounting and adjustments for the previous disbursements of state funds by the Rural Center, and the amount of state funds transferred by grant from the Rural Center to Commerce, will be made pursuant to the Amendment. As of this date, the final Amendment and contract has not been executed by the Rural Center and Commerce.

Sincerely,

A handwritten signature in cursive script, appearing to read "Art Pope".

Art Pope
State Budget Director

Attachment: Schedule A

Schedule A
North Carolina Rural Economic Development Center
Release Of State/Public Funds
July 18, 2013 through October 25, 2013

Date	State Funds			Interest ¹	Clean Water Bonds
	Payroll	Grants	Operating		
July 25, 2013	\$251,857.23			\$45,201.35	
August 1, 2013		\$734,444.18	\$5,539.75		
August 6, 2013					\$959,673.86
August 8, 2013		\$1,724,330.54	\$14,988.77		
August 9, 2013		\$46,223.78			
August 19, 2013		\$60,524.71	\$1,340.75		
August 26, 2013	\$106,237.00			\$281,847.00	
August 30, 2013		\$2,020,464.92	\$12,340.92	\$16,015.62	
September 12, 2013		\$1,567,918.55	\$13,524.43	\$12,206.83	\$250,770.90
September 24, 2013	\$68,279.00			\$237,353.00	
October 4, 2013		\$1,580,574.25	\$990.62	\$11,459.26	\$19,933.07
October 21, 2013		\$2,331,990.11	\$7,577.99	\$6,554.71	
October 23, 2013		\$92,234.75			
October 24, 2013		\$41,926.94			
October 24, 2013		\$756,016.05	\$2,250.61	\$4,285.87	
October 24, 2013	\$63,461.00			\$97,245.00	
Total	\$489,834.23	\$10,956,648.78	\$58,553.84	\$712,168.64	\$1,230,377.83
Grand Total State Funds \$11,505,036.85 Grand Total Interest¹ \$712,168.64 Grant Total Clean Water \$1,230,377.83 <u>\$13,447,583.32</u>					
¹ The N.C. Rural Economic Development Center deems interest non-State funds however this does not respresent OSBM opinion.					



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

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ART POPE
STATE BUDGET DIRECTOR

July 23, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: North Carolina State Small Business Credit Initiative

Thank you for the information you provided related to the North Carolina State Small Business Credit Initiative. After review of the information, the North Carolina Office of State Budget and Management is satisfied that it has no authority over these funds since it is a program funded solely with Federal funds.

Again, thank you for your assistance and checking in advance.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope
State Budget Director



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

July 25, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Revised Request for Disbursement of State Funds for July, 2013 Payroll

Dear Ms. Dunn:

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") payroll requirements. After review of the information provided by your office, the cost of payroll in arrears including fringe benefits and tax requirements totals \$340,546.72. The Office of Budget and Management modifies the approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$297,058.58 for the payroll period for the month of July, 2013. The increase of \$45,201.35 is payroll coded to "Other" which is funded by interest income. The remaining payroll requirements should be expended from Federal funding sources.

Please note that approval of the disbursement of state funds for this purpose, a payroll in arrears for compensation already earned, should not be taken as approval by OSBM for future payroll expenses. The Rural Center's annual payroll requirements are over \$4 million. In addition to the findings of the July 2013, State Audit of the Rural Center, the Appropriations Act of 2013 (SB 402, 2013) ended State appropriations to the Rural Center, which obviously will adversely affect the Center's ability to continue program activity at previous levels while maintaining present payroll requirements. Furthermore, using state funds appropriated for previous fiscal years and specific programs, to pay for future expenses, will raise new legal issues, in addition to the findings already made in the State Audit.

The North Carolina Office of State Budget and Management recommends the Center examine its current staff levels and make appropriate reductions to ensure the Center can continue its mission to develop, promote and implement sound economic strategies to improve the quality of life of rural North Carolinians, in full compliance with the law and previous appropriations acts.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in black ink that reads "Art Pope".

Art Pope
State Budget Director



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

July 25, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for July 2013 Payroll

Dear Ms. Dunn:

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") payroll requirements. After review of the information provided by your office, the cost of payroll in arrears including fringe benefits and tax requirements totals \$340,546.72. The Office of Budget and Management approves the Rural Center's request for the disbursement and use of state public funds in the amount of \$251,857.23 for the payroll period for the month of July, 2013. The remaining payroll requirements should be expended from Federal and other funding sources.

Please note that approval of the disbursement of state funds for this purpose, a payroll in arrears for compensation already earned, should not be taken as approval by OSBM for future payroll expenses. The Rural Center's annual payroll requirements are over \$4 million. In addition to the findings of the July 2013, State Audit of the Rural Center, the Appropriations Act of 2013 (SB 402, 2013) ended State appropriations to the Rural Center, which obviously will adversely affect the Center's ability to continue program activity at previous levels while maintaining present payroll requirements. Furthermore, using state funds appropriated for previous fiscal years and specific programs, to pay for future expenses, will raise new legal issues, in addition to the findings already made in the State Audit.

The North Carolina Office of State Budget and Management recommends the Center examine its current staff levels and make appropriate reductions to ensure the Center can continue its mission to develop, promote and implement sound economic strategies to improve the quality of life of rural North Carolinians, in full compliance with the law and previous appropriations acts.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope
State Budget Director



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

August 1, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center, Inc.
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for July 18, 2013 Check Issuance

Dear Ms. Dunn:

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") July 18, 2013 check run. After review of the information provided by your office, the cost of these expenses total \$928,909.11. The Office of State Budget and Management approves the Rural Center's request for the disbursement and use of \$739,883.90 of state public funds as follows:

- 1) \$734,444.18 for pending grants, as set forth on Schedule A.
- 2) \$5,539.75 for operating expenses related to state funds.

The remaining requirements of \$28,897.10 for operating expenses should be expended from Federal or Corporate funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. However, please note that nine grants, to non-governmental organizations, remain noncompliant and approval to distribute state public funds totaling \$160,128.11 is withheld, until the Rural Center conforms to the risk assessment, monitoring, verification and other requirements.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

Art Pope
State Budget Director

Schedule A

Rural Economic Development Center, Inc.
State Grant Funds

Town of Bath	2009-352-40101-112	42,861.95
Central Carolina Comm. Coll.	2012-286-70103-107	11,556.00
Town of Franklin	2008-411-60401-117	18,582.52
Franklin Vance Warren Opport	2012-058-70102-107	3,207.59
Town of Franklinton	2011-025-40101-102	11,090.00
Halifax Community College	2012-288-70103-107	6,602.48
Isothermal Community College	2012-290-70103-107	828.52
Town of Liberty	2012-199-60401-107	4,777.55
Person County	2013-090-60501-118	500,000.00
Town of Plymouth	2009-209-40101-112	108,787.43
Richmond Community College	2013-049-50302-107	8,938.16
River City CDC	2013-068-60101-102	12,825.00
Stanly Community College	2012-296-70103-107	2,111.38
Yadkin County	2012-297-70103-107	2,175.60
		<u>734,344.18</u>

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8/1/2013



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

August 6, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Disbursement of State Clean Water Bond Funds

Dear Ms. Dunn:

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") Clean Water Bond program. After review of the information provided by your office, the cost of these expenses total \$959,673.86. The Office of Budget and Management approves the Rural Center's request for the disbursement and use of state public funds in the amount of \$959,673.86 related to the Clean Water Bond program.

The grant disbursements were reviewed by OSMB to ensure grants did not have compliance issues as those identify in the Office of State Auditor's report issued on July 17, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Art Pope".

Art Pope
State Budget Director



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

August 9, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant Payments

Dear Ms. Dunn:

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") Grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$97,139.30. The Office of Budget and Management approves the Rural Center's request for the disbursement and use of \$46,223.78 of state public funds for pending grants, as set forth on Schedule A.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. However, please be aware that one grant, remain non-compliant and approval to distribute state public funds totaling \$50,915.52 is withheld, until the Rural Center conforms to the risk assessment, monitoring, verification and other requirements.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script, reading "Art Pope".

Art Pope
State Budget Director

Rural Economic Development Center, Inc.
State Grant Funds
Schedule A

Grantee	Contract	Amount
Roanoke Valley Chamber of Commerce	2012-280-60203-102	3,636.81
Restoration CDC, Inc.	2013-067-60101-102	\$10,460.00
Town of Madison	2012-202-60401-107	\$423.64
Town of Star	2010-349-60401-107	\$2,452.00
Town of Star	2010-333-60401-107	\$2,775.26
Goler CDC	2013-062-60101-102	\$11,250.00
Town of Canton	2010-330-60401-107	\$6,755.65
Town of Canton	2010-346-60401-107	\$7,850.00
Town of Garland	2012-205-60401-107	\$620.42
		<u><u>\$46,223.78</u></u>

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8/9/2013



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

August 8, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant Payments

Dear Ms. Dunn:

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") Grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$1,848,268.11. The Office of Budget and Management approves the Rural Center's request for the disbursement and use of \$1,739,319.31 of state public funds as follows:

1. \$1,724,330.54 for pending grants, as set forth on Schedule A.
2. \$14,988.77 for operating expenses related to state funds.

The remaining requirements of \$11,809.50 for operating expenses should be expended from Federal, Foundation, or Corporate funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. However, please be aware that 10 grants, remain non-compliant and approval to distribute state public funds totaling \$97,139.30 is withheld, until the Rural Center conforms to the risk assessment, monitoring, verification and other requirements.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

Art Pope
State Budget Director

Schedule A
Rural Economic Development Center, Inc.
State Grant Funds

Grantee	Contract	Amount
Stanly County	2011-073-60701-107	\$3,348.16
Town of Maggie Valley	2012-231-35101-102	\$5,000.00
Martin County	2012-264-60501-107	\$49,554.00
Town of Faison	2012-153-60501-118	\$113,878.41
Lenoir Community College	2012-064-70102-107	\$101.00
Johnston Community College	2012-291-70103-107	\$2,083.12
Land-of-Sky Regional Council	2012-292-70103-107	\$12,715.97
Town of Williamston	2013-117-40101-102	\$22,500.00
Lee County Industries	2012-294-70103-107	\$10,151.24
Town of Norwood	2009-202-40101-112	\$9,800.00
Town of Ellerbe	2010-260-40101-112	\$78,625.20
Polk County	2013-091-60501-118	\$113,227.00
Burke County	2011-212-40401-107	\$10,989.10
Town of Canton	2011-139-40401-107	\$275,731.99
Town of Plymouth	2009-209-40101-112	\$285,213.92
Town of Franklinton	2012-209-60501-104	\$10,909.00
Town of Middlesex	2013-016-60501-107	\$17,176.39
Robeson County	2013-100-60501-107	\$480,000.00
Richmond County	2009-266-40101-112	\$87,000.26
Town of Highlands	2011-033-40101-102	\$30,750.00
Land of Sky Regional Council	2012-292-70103-107	7,533.02
Land of Sky Regional Council	2012-292-70103-107	6,193.16
Land of Sky Regional Council	2012-292-70103-107	11,269.67
OIC of Wilson	2012-059-70102-107	3,819.28
OIC of Wilson	2012-059-70102-107	5,056.74
OIC of Wilson	2012-059-70102-107	5,782.85
OIC of Wilson	2012-059-70102-107	4,802.88
OIC of Wilson	2012-059-70102-107	5,583.93
Hispanic Liaison of Chatham Co.	2012-065-70102-107	2,966.25
NC Institute of Minority ED	2012-298-70103-107	12,818.00
Warren Family Institute	2012-087-60101-102	8,500.00
Warren Family Institute	2012-087-60101-102	4,000.00
Eagle Market Streets	2013-061-60101-102	11,500.00
Asheville Buncombe CCM	2013-006-60103-102	15,750.00

\$1,724,330.54

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 8/8/2013



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

August 19, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Cary Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant Payments

Dear Ms. Dunn:

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") Grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$94,615.46. The Office of Budget and Management approves the Rural Center's request for the disbursement and use of \$61,865.46 of state public funds as follows:

1. \$60,524.71 for pending grants, as set forth on Schedule A.
2. \$1,340.75 for operating expenses related to state funds.

The remaining requirements of \$32,750 for operating and grant expenses should be expended from foundation or corporate funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope
State Budget Director

Schedule A
Rural Economic Development Center, Inc.
State Grant Funds

Grantee	Contract	Amount
Town of Siler City	2010-348-60401-107	\$27,920.80
Uwharrie Regional Resources Commission	2012-010-35101-102	\$329.77
NC State University	2011-180-40101-102	\$3,121.03
Piedmont Community College	2012-062-70102-107	\$1,087.67
City of Wilson	2012-287-70103-107	\$5,525.94
Hispanic Liaison of Chatham County	2012-065-70102-107	\$1,052.41
Triad Economic Development Corp.	2013-070-60101-102	\$9,560.00
Lee County Industries	2012-294-70103-107	\$7,717.34
Town of Murphy	2012-197-60401-107	\$381.03
Town of Rutherfordton	2012-198-60401-107	\$1,419.91
Town of North Wilkesboro	2012-195-60401-107	\$2,408.81
		<hr/>
		\$60,524.71

Art Pope

08-19-13/dy



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

August 26, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Cary Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for August, 2013 Payroll

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") payroll requirements. After review of the information provided by your office, the cost of payroll including fringe benefits, tax requirements, health saving account contribution, and severance for seventeen employees totals \$435,462. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$106,237 for the payroll period for the month of August, 2013. The payroll requirements of \$281,847 should be expended from interest the Rural Center deems non-state funds and the remaining requirements from Federal and private funding sources.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future payroll expenses.

Again, thank you for your assistance.

Sincerely,

Art Pope
State Budget Director



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

August 30, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant and Operating Expenses

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$2,065,375.72. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$2,032,805.84 is as follows:

1. \$2,020,464.92 for pending grants, as set forth on Schedule A.
2. \$12,340.92 for operating expenses related to state funds.

The requirements of \$16,015.62 should be expended from interest the Rural Center deems non-state funds and the remaining requirements should be expended from Federal and private funding sources. OSBM understands the allocation of the Blue Cross/Blue Shield and Kansas City Life premiums are estimates and the final breakdown will be provided to OSBM by September 30, 2013.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future payroll expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope
State Budget Director

Schedule A
August 30, 2013

AP 8/30/13

Contract	Grantee	Amount
Town of Castalia	2009-408-40101-112	\$13,309.00
City of Albemarle	2012-120-40101-102	\$27,375.00
Town of Clarkton	2012-103-40101-102	\$10,591.69
Town of Bath	2009-352-40101-112	\$55,746.88
Town of Robbinsville - Request #3	2010-342-60401-107	\$17,707.77
Town of Robbinsville - Request #4	2010-326-60401-107	\$3,092.62
Town of Burnsville	2010-345-60401-107	\$77,862.78
Town of Boonville	2008-405-60401-117	\$13,707.19
One Dozen Who Care, Inc.	2013-065-60101-102	\$11,250.00
Town of Stoneville	2010-069-40401-107	\$1,000.00
Town of Ramseur	2010-324-60401-107	\$3,027.44
Martin County	2012-264-60501-107	\$66,913.00
Alexander County	2013-241-60501-118	\$16,026.00
Town of Scotland Neck	2009-363-40101-112	\$109,059.77
Town of Mars Hill	2011-054-40101-112	\$7,986.30
City of Clinton	2012-118-40101-102	\$22,125.00
Nash County	2009-407-40101-112	\$40,000.00
Greene County	2008-311-40401-112	\$38,428.31
Town of Aberdeen	2013-125-60501-118	\$175,000.00
Rutherford County	2013-040-60501-107	\$236,753.28
Uwharrie Regional Resources Commission	2012-010-35101-102	\$615.38
Columbus County	2012-017-60501-117	\$11,000.00
Town of Mayodan	2012-203-60401-107	\$963.23
Town of Grifton	2009-378-40101-112	\$245,589.33
Town of Lillington	2010-007-40401-107	\$27,358.11
Town of North Wilkesboro - Request #3 & #4	2010-268-40101-122	\$83,078.25
North Carolina's Eastern Region	2011-196-30301-107	\$50,915.52
Yadkin County	2012-297-70103-107	\$575.06
Robeson County Government	2012-267-60501-107	\$64,000.00
Person County	2011-093-60501-107	\$480,000.00
AdvantageWest North Carolina	2008-174-30301-107	\$5,000.00
AdvantageWest North Carolina	2012-175-30301-107	\$7,572.74
Johnston Community College	2012-291-70103-107	\$3,608.42
North Carolina State University	2011-180-40101-102	\$642.95
Cumberland Regional Improvement Corporation	2013-060-60101-102	\$11,250.00
Camden County	2010-237-40101-112	\$48,609.43
Stokes County	2011-096-60501-107	\$8,000.00
Sampson County CDC	2013-069-60101-102	\$9,560.00
Town of Star	2010-333-60401-107	\$104.79
Town of Star	2010-349-60401-107	\$11,608.23
Town of Canton	2010-346-60401-107	\$3,451.45

\$2,020,464.92



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

September 12, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant and Operating Expense

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$1,868,424.04. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$1,832,213.88 as follows:

1. \$1,567,918.55 for pending grants, as set forth on Schedule A.
2. \$250,770.90 for a pending grant related to the Clean Water Bond program, also noted on Schedule A.
3. \$13,524.43 for operating expenses related to state funds.

The requirements of \$12,206.83 should be expended from interest the Rural Center deems non-state funds and the remaining requirements should be expended from Federal and private funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future payroll expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Art Pope".

Art Pope
State Budget Director

Schedule A
September 12, 2013

Contract	Grantee	Amount
2012-183-40101-112	Alleghany County	\$ 95,258.63
2012-274-60203-102	Brunswick Housing Opportunities, Inc.	\$ 11,500.00
2009-387-40101-112	Town of Plymouth	\$ 69,469.33
2009-209-40101-112	Town of Plymouth	\$ 105,998.65
2011-015-40101-102	Town of White Lake	\$ 10,000.00
2011-248-40301-102	NC Association of Regional Councils	\$ 56,410.21
2011-142-40401-107	Town of Star	\$ 154,247.99
2010-329-60401-107	Town of Burnsville	\$ 12,800.00
2013-121-60501-107	Town of Wallace	\$ 60,000.00
2010-332-60401-107	Town of Siler City	\$ 4,239.58
2012-177-30301-107	NC State University (Request #8)	\$ 23,422.00
2012-177-30301-107	NC State University (Request #9)	\$ 11,716.36
2011-180-40101-102	NC State University	\$ 5,992.40
2008-351-40101-112	Stokes County	\$ 64,224.98
2008-433-30301-117	Warren County Training School	\$ 9,350.00
2009-364-40101-112	Town of Littleton	\$ 58,430.00
2010-309-30301-117	Core Sound Waterfowl Museum	\$ 39,471.73
2012-301-30301-107	North Carolina's Eastern Region	\$ 31,743.15
2012-294-70103-107	Lee County Industries, Inc.	\$ 4,232.02
2012-278-60203-102	Gates County Extension Service	\$ 12,641.65
2012-280-60203-102	Roanoke Valley Chamber of Commerce	\$ 4,387.29
2012-178-30301-107	North Carolina's Agricultural Foundation	\$ 10,248.95
2012-178-30301-107	North Carolina's Agricultural Foundation	\$ 51,863.61
2012-153-60501-118	Town of Faison	\$ 86,121.59
2012-145-60501-117	Robeson County	\$ 8,122.40
2012-066-70102-107	Regeneration Development Group, Inc.	\$ 2,305.59
2012-058-70102-107	Franklin-Vance-Warren Opportunity, Inc.	\$ 4,585.44
2011-237-60501-107	Pitt County	\$ 348,000.00
2011-192-30301-107	Catawba County Economic Development Corp.	\$ 40,000.00
2011-181-40401-107	Camden County	\$ 89,950.00
2010-344-60401-107	Town of Windsor	\$ 63,300.00
2010-132-40401-107	Town of Edenton	\$ 17,885.00

\$ 1,567,918.55

Clean Water Bond Program

02-64-07	Tyrrell County Water and Sewer District #2	\$ 250,770.90
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OP
9/12/13



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

September 24, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant and Operating Expense

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$2,777,495.29. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$2,681,350.06 as follows:

1. \$2,670,076.22 for pending grants, as set forth on Schedule A.
2. \$11,273.84 for operating expenses related to state funds.

The requirements of \$24,547.34 should be expended from interest the Rural Center deems non-state funds and the remaining requirements should be expended from Federal and private funding sources. OSBM understands the allocation of the Blue Cross/Blue Shield premiums includes September terminations and an estimated credit of \$13,069.20 will be due back to the Rural Center.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. In addition, nine disbursements totaling \$68,717.78 were not approved due to invoices dated after June 30, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope
State Budget Director

Schedule A
September 20, 2013

Contract	Grantee	Amount
2008-325-40101-112	Town of Calypso	\$ 47,546.89
2009-177-40101-112	Town of Enfield	\$ 40,154.24
2009-375-40101-112	Nash County	\$ 450,000.00
2010-215-40101-112	Town of Marshall	\$ 20,000.00
2010-240-40101-112	Town of Chadbourn	\$ 19,314.12
2010-277-40401-107	Town of Wilkesboro	\$ 578,446.11
2011-217-40401-107	Moore County	\$ 150,000.00
2012-016-60501-107	Cleveland County	\$ 780,000.00
2012-197-60401-107	Town of Murphy	\$ 453.50
2012-264-60501-107	Martin County	\$ 36,988.00
2012-286-70103-107	Central Carolina Community College	\$ 4,159.67
2012-288-70103-107	Halifax Community College (Request #8)	\$ 8,156.71
2012-286-70103-107	Halifax Community College (Request #9)	\$ 7,592.06
2012-286-70103-107	Halifax Community College (Request #10)	\$ 4,829.72
2012-288-70103-107	Halifax Community College (Request #11)	\$ 5,119.22
2012-286-70103-107	Halifax Community College (Request #12)	\$ 2,188.00
2012-286-70103-107	Halifax Community College (Request #13)	\$ 2,188.00
2012-291-70103-107	Johnston Community College	\$ 96.07
2012-296-70103-107	Stanly Community College	\$ 1,855.91
2013-026-60501-118	Graham County	\$ 82,446.70
2013-038-60501-107	Town of Wallace	\$ 48,000.00
2013-087-60501-118	Martin County	\$ 356,241.00
2012-285-70103-107	Brunswick Community College (Request #9)	\$ 10,470.30
2012-285-70103-107	Brunswick Community College (Request #10)	\$ 9,135.50
2012-285-70103-107	Brunswick Community College (Request #11)	\$ 4,694.50

\$ 2,670,076.22

Disbursements Not Approved

2010-309-30301-117	Core Sound Waterfowl Museum	\$ 21,380.52
2012-280-60203-102	Roanoke Valley Chamber of Commerce	\$ 1,247.00
2012-292-70103-107	Land-of-Sky Regional Council (Request #12)	\$ 3,573.78
2012-292-70103-107	Land-of-Sky Regional Council (Request #13)	\$ 10,056.95
2012-293-70103-107	Laurinburg/Scotland Co. Area Chamber	\$ 1,718.00
2012-294-70103-107	Lee County Industries, Inc.	\$ 2,058.34
2012-298-70103-107	NC Institute for Minority Econ. Development	\$ 14,217.40
2013-066-60101-102	Regeneration Development Group, Inc.	\$ 7,875.00
2012-059-70102-107	OIC of Wilson	\$ 6,590.79

\$ 68,717.78

Adp
9/24/13



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

September 24, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for September, 2013 Payroll

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") payroll requirements. After review of the information provided by your office, the cost of payroll including fringe benefits, tax requirements, and accrued vacation totals \$305,361. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$68,279 for the payroll period for the month of September, 2013. The payroll requirements of \$237,353 should be expended from interest the Rural Center deems non-state funds and the remaining requirements from Federal and private funding sources.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future payroll expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope
State Budget Director



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 4, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant and Operating Expense

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$1,723,594.98. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$1,601,497.94 as follows:

1. \$1,580,574.25 for pending grants, as set forth on Schedule A.
2. \$19,933.07 for a pending grant related to the Clean Water Bond program, also noted on Schedule A.
3. \$990.62 for operating expenses related to state funds.

The requirements of \$11,459.26 should be expended from interest the Rural Center deems non-state funds and the remaining requirements should be expended from Federal and private funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. In addition, fifteen disbursements totaling \$110,036.23 were not approved due to invoices dated and/or contracts executed after June 30, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

Art Pope
State Budget Director

Schedule A
October 3, 2013

Contract	Grantee	Amount
2012-289-70103-107	Haywood County Schools (Request #11)	\$ 3,335.79
2012-171-30301-107	College of the Albemarle	\$ 76,492.39
2012-169-30301-107	Chatham County Economic Development Corp.	\$ 12,000.00
2010-305-30301-107	Surry County	\$ 5,085.87
2012-201-60401-107	Town of Fremont	\$ 585.39
2013-085-60501-107	Wilkes County	\$ 1,712.66
2013-119-60501-107	Town of Hildebran	\$ 12,258.49
2013-040-60501-107	Rutherford County	\$ 243,246.72
2012-273-60701-107	City of Dunn	\$ 79,998.83
2010-149-40401-107	Johnston County	\$ 488,265.00
2010-003-40101-112	Macon County	\$ 414,265.49
2013-071-60101-102	Tyrrell County CDC (Request #2)	\$ 12,825.00
2013-071-60101-102	Tyrrell County CDC (Request #3)	\$ 12,825.00
2013-003-60103-102	OIC of Wilson (Request #3)	\$ 15,750.00
2013-003-60103-102	OIC of Wilson (Request #4)	\$ 15,750.00
2013-003-60103-102	OIC of Wilson (Request #5)	\$ 7,000.00
2012-183-40101-112	Alleghany County	\$ 125,648.40
2013-008-40101-102	City of Marion	\$ 14,696.33
2009-375-40101-112	Nash County	\$ 38,832.89

\$ 1,580,574.25

Clean Water Bond Program

02-64-07	Tyrrell County Water & Sewer District #2	\$19,933.07
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ap
10/9/2013



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 21, 2013
Revised

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Revised Request for Disbursement of State Funds for Pending Grant and Operating Expense

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$2,501,866.71.

The Office of State Budget and Management modifies the approval of the Rural Center's request for the disbursement and use of state public funds, dated October 17, 2013, in the amount of \$2,339,568.10. The increase in operating expenses of \$200.58 related to grants management travel expenses. The breakdown of public funds disbursement follows:

1. \$2,331,990.11 for pending grants, as set forth on Schedule A.
2. \$7,577.99 for operating expenses related to state funds.

The requirements of \$6,554.71 related to interest the Rural Center deems non-state funds is offset by the November Blue Cross Blue Shield refund. The remaining requirements should be expended from Federal and private funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. In addition, eight disbursements totaling \$157,793.26 were not approved due to invoices dated and/or contracts executed after June 30, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in black ink that reads "Art Pope".

Art Pope
State Budget Director



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 17, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant and Operating Expense

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$2,501,866.71. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$2,339,367.52 as follows:

1. \$2,331,990.11 for pending grants, as set forth on Schedule A.
2. \$7,377.41 for operating expenses related to state funds.

The requirements of \$6,755.29 related to interest the Rural Center deems non-state funds is offset by the November Blue Cross Blue Shield refund. The remaining requirements should be expended from Federal and private funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. In addition, eight disbursements totaling \$157,793.26 were not approved due to invoices dated and/or contracts executed after June 30, 2013.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Art Pope".

Art Pope
State Budget Director

Schedule A
October 17, 2013

Contract	Grantee	Amount
2008-074-40401-107	Davie County	\$712,637.17
2011-139-40401-107	Town of Canton	\$126,081.00
2011-218-40401-107	Town of Forest City	\$182,092.10
2012-036-40401-118	Town of Mocksville	\$18,090.50
2012-130-40401-107	City of Sanford	\$350,000.00
2012-188-40401-107	Town of Wadesboro	\$20,000.00
2012-194-40401-107	Vance County	\$46,558.00
2012-229-40401-107	Davie County	\$750,100.00
2013-011-40401-107	Fork Township Sanitary District	\$10,000.00
2013-074-40101-102	Edgecombe Water and Sewer D#5	\$34,125.00
2012-073-60101-102	Community Empowerment Project CDC	\$3,400.00
2009-389-40101-112	Town of Saratoga	\$2,500.00
2009-218-40101-102	Town of Stantonsburg (Request #8 & #9)	\$41,056.34
2013-064-60101-102	Olive Hill Community Economic Dev	\$10,350.00
2013-123-60501-107	Surry County	\$25,000.00

\$ 2,331,990.11

OP 10/17/2013



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 23, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, North Carolina 27610

RE: Request for Disbursement of State Funds for Pending Grant Expenses

Ms. Dunn,

The Rural Center's recent requests for the release of state funds disclose that the Rural Center's grantees have continued to incur expenses after the end of the June 30, 2013 Fiscal Year. Furthermore, the Rural Center has asked for funding for grant contracts that were executed after June 30, 2013.

Please refer again to the OSBM letter to the Rural Center dated July 22, 2013, which stated in part, "*OSBM will consider authorization for a partial disbursement of state funds by the Rural Center for its operating expenses and grants due and payable between this date and August 31, 2013.*" Emphasis added.

Furthermore, all prior OSBM letters to the Rural Center in regard to releasing state funds, included the statement, "*Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.*"

I have been informed that despite the above prior written communications and our earlier conversations, that the Rural Center has taken the position that its grantees could continue to incur expenses after not only June 30th, but after August 31st, with the expectation that future state funds would be available. Furthermore, the Rural Center has continued to execute new grant contracts as recently as September 22, 2013.

OSBM has, and will continue to review request for the release of state funds from the Rural Center as they are submitted. The Office of State Budget and Management does approve the Rural Center's request for the disbursement and use of state public funds in the amount for \$92,234.75, as set forth on Schedule A.

During the transition for the transfer state funds and programs from the Rural Center to the NC Department of Commerce, OSBM will continue to review previously submitted requests from the Rural Center, to ensure that the grants do not have compliance issues as those identified on the Office of State Auditor's report issued on July 17, and are in compliance with the purpose of

Susan Dunn
October 23, 2013
Page 2

the state appropriations under the respective enacted budgets, including 2011 Session Laws, Chp. 145, Sec. 14.16 and 14.17, as amended by 2012 Session Laws, Chp. 142, Sec. 13.13 and 13.14. Of course, the Rural Center did not receive any additional appropriations in the most recent state budget.

Of particular concern are request to issue grants to recipients for expenses incurred when there was no grant contract, and the continued incurring of expenses when there are not state funds available.

Again, please note, that any contractual obligations incurred by the Rural Center are the responsibility of the Rural Center, and not of the State of North Carolina. However, during this transition period, OSBM looks forward to working with the Rural Center and authorizing the release of state funds held by the Rural Center as appropriate, in order to continue to serve the people of North Carolina and our rural communities and distressed counties and towns.

Sincerely,

A handwritten signature in black ink that reads "Art Pope". The signature is written in a cursive, flowing style.

Art Pope
State Budget Director

Attachment: Schedule A

Schedule A
October 23, 2013

Contract #	Grantee	Amount
2013-066-60101-102	Regeneration Development Group, Inc.	\$ 7,875.00
2012-059-70102-107	OIC of Wilson	\$ 6,590.79
2010-309-30301-117	Core Sound Waterfowl Museum	\$ 21,380.52
2012-292-70103-107	Land-of-Sky Regional Council (Request #12)	\$ 3,573.78
2012-292-70103-107	Land-of-Sky Regional Council (Request #13)	\$ 10,056.95
2012-293-70103-107	Laurinburg/Scotland Co. Area Chamber	\$ 1,718.00
2012-294-70103-107	Lee County Industries, Inc.	\$ 2,058.34
2012-289-70103-107	Haywood County Schools (Request #12)	\$ 2,781.97
2012-289-70103-107	Haywood County Schools (Request #13)	\$ 3,320.02
2012-177-30301-107	NC State University (Request #10)	\$ 8,621.52
2012-177-30301-107	NC State University (Request #11)	\$ 17,911.82
2012-169-30301-107	Chatham County Economic Development Corp.	\$ 1,330.00
2012-201-60401-107	Town of Fremont	\$ 16.72
2012-197-60401-107	Town of Murphy	\$ 300.00
2012-010-35101-102	Uwharrie Regional Resource Commission	\$ 284.28
2011-180-40101-102	NC State University	\$ 5,415.04

\$ 93,234.75

AP
10/23/2013



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 24, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Cary Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for Pending Grant and Operating Expense

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") grants and operating expenses. After review of the information provided by your office, the cost of these expenses total \$825,724.10. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$758,536.66 as follows:

1. \$756,016.05 for pending grants, as set forth on Schedule A.
2. \$2,250.61 for operating expenses related to state funds.

The requirements of \$4,285.87 should be expended from interest the Rural Center deems non-state funds and the remaining requirements should be expended from Federal and private funding sources.

The Schedule A Grant disbursements were reviewed by OSBM to ensure grants did not have compliance issues as those identified in the Office of State Auditor's report issued on July 17, 2013. In addition, thirty-four disbursements totaling \$62,707.93 were not approved due to invoices dated after August 31, 2013. The Rural Center may use interest the Rural Center deems non-state funds to pay for these expenses.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script, reading "Art Pope".

Art Pope
State Budget Director

Attachment: Schedule A

Schedule A
October 24, 2013

Grantee	Contract #	Amount
Town of Stantonsburg	2009-390-40101-112	83,478.03
Town of North Wilkesboro	2009-441-40101-112	178,647.55
Harnett County	2012-031-40401-107	220,925.72
Eagle Market Streets Development Corp.	2013-061-60101-102	8,658.29
Johnston Community College	2012-291-70103-107	256.20
Land-of-Sky Regional Council	2012-292-70103-107	140.38
Town of Pittsboro	2012-138-60501-117	50,205.70
Wilkes County	2012-149-60501-117	5,812.09
Graham County	2013-026-60501-118	75,841.74
Alexander County	2013-241-60501-118	8,715.78
Town of Bath	2009-352-40101-112	85,623.97
Town of Wilkesboro	2012-271-60501-118	1,160.72
NCIMED	2012-298-70103-107	34.86
Town of Grifton	2009-378-40101-112	36,515.02
		<hr/> <hr/>
		756,016.05



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 24, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610

RE: Request for Disbursement of State Funds for October, 2013 Payroll

Ms. Dunn,

Thank you for the information you provided related to the North Carolina Rural Economic Development Center's ("Rural Center") payroll requirements. After review of the information provided by your office, the cost of payroll including fringe benefits and tax requirements totals \$191,383. The Office of State Budget and Management's approval of the Rural Center's request for the disbursement and use of state public funds in the amount of \$63,461 for the payroll period for the month of October, 2013. The payroll requirements of \$97,245 should be expended from interest the Rural Center deems non-state funds and the remaining requirements from Federal and private funding sources.

Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future payroll expenses.

Again, thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope
State Budget Director



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

October 24, 2013

Susan Dunn, Vice President of Finance and Administration
North Carolina Rural Economic Development Center
4021 Carya Drive
Raleigh, North Carolina 27610

RE: Request for Disbursement of State Funds for Pending Grant Expenses

Ms. Dunn,

The Rural Center's recent requests for the release of state funds disclose that the Rural Center's grantees have continued to incur expenses after the end of the June 30, 2013 Fiscal Year. Furthermore, the Rural Center has asked for funding for grant contracts that were executed after June 30, 2013.

Please refer again to the OSBM letter to the Rural Center dated July 22, 2013, which stated in part, "*OSBM will consider authorization for a partial disbursement of state funds by the Rural Center for its operating expenses and grants due and payable between this date and August 31, 2013.*" Emphasis added.

Furthermore, all prior OSBM letters to the Rural Center in regard to releasing state funds, included the statement, "*Please note that approval of the disbursement of state funds for this purpose should not be taken as approval by OSBM for future expenses.*"

I have been informed that despite the above prior written communications and our earlier conversations, that the Rural Center has taken the position that its grantees could continue to incur expenses after not only June 30th, but after August 31st, with the expectation that future state funds would be available. Furthermore, the Rural Center has continued to execute new grant contracts as recently as September 22, 2013.

OSBM has, and will continue to review request for the release of state funds from the Rural Center as they are submitted. The Office of State Budget and Management does approve the Rural Center's request for the disbursement and use of state public funds in the amount for \$41,926.94, as set forth on Schedule A.

During the transition for the transfer state funds and programs from the Rural Center to the NC Department of Commerce, OSBM will continue to review previously submitted requests from the Rural Center, to ensure that the grants do not have compliance issues as those identified on the Office of State Auditor's report issued on July 17, and are in compliance with the purpose of

Susan Dunn
October 23, 2013
Page 2

the state appropriations under the respective enacted budgets, including 2011 Session Laws, Chp. 145, Sec. 14.16 and 14.17, as amended by 2012 Session Laws, Chp. 142, Sec. 13.13 and 13.14. Of course, the Rural Center did not receive any additional appropriations in the most recent state budget.

Of particular concern are request to issue grants to recipients for expenses incurred when there was no grant contract, and the continued incurring of expenses when there are not state funds available.

Again, please note, that any contractual obligations incurred by the Rural Center are the responsibility of the Rural Center, and not of the State of North Carolina. However, during this transition period, OSBM looks forward to working with the Rural Center and authorizing the release of state funds held by the Rural Center as appropriate, in order to continue to serve the people of North Carolina and our rural communities and distressed counties and towns.

Sincerely,

A handwritten signature in black ink, appearing to read "Art Pope". The signature is fluid and cursive, with the first name "Art" and last name "Pope" clearly distinguishable.

Art Pope
State Budget Director

Attachment: Schedule A

Schedule A
October 24, 2013

Grantee	Contract #	Amount
Chatham County Economic Development Corp.	2011-186-30301-107	\$ 2,710.45
NC Institute for Minority Econ. Development	2012-298-70103-107	\$ 6,689.41
Core Sound Waterfowl Museum	2010-309-30301-117	\$ 10,152.85
Bayboro Development Center, Inc.	2013-056-60101-102	\$ 8,807.25
Tyrrell County CDC (Request #4)	2013-071-60101-102	\$ 4,368.05
Restoration CDC, Inc.	2013-067-60101-102	\$ 6,117.95
One Dozen Who Care	2013-065-60101-102	\$ 3,080.98
		<u><u>\$ 41,926.94</u></u>

AP
10/24/2013