

HIGH COUNTRY COUNCIL OF GOVERNMENTS, INC.
Boone, North Carolina

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

High Country Council of Governments
 Boone, North Carolina
 Board of Directors
 June 30, 2021

Name	Position	Representing
Valerie Jaynes	Chair	Mayor of Newland
Todd McNeill	Vice-Chair	Board of Commissioners, Chair - Ashe County
Doug Matheson	Secretary	Town of Blowing Rock Council
Dennis Aldridge	Treasurer	Board of Commissioners, Chair - Avery County
Executive Board		
Paul Robinson, Jr.	Member	Minority Representative
Bill Osborne	Member	Board of Commissioners, Chair - Alleghany County
Charles Vines	Member	Mayor of Bakersville
Brenda Lyerly	Member	Mayor of Banner Elk
Kelly Melang	Member	Town of Beech Mountain Council
Rennie Brantz	Member	Mayor of Boone
Theresa Coletta	Member	Mayor of Burnsville
Eddie Yarber	Member	Mayor of Crossnore
Joel Whitley	Member	Mayor Pro Term Elk Park
Mark Johnston	Member	Board of Alderman - Town of Jefferson
Jim Blevins	Member	Lansing Town Alderman
Vern Grindstaff	Member	Board of Commissioners - Mitchell County
Robert L. Johnson	Member	Mayor of North Wilkesboro
Kevin Reece	Member	Ronda Town Commissioner
Larry Fontaine	Member	Mayor of Seven Devils
Wes Brinegar	Member	Mayor of Sparta
Rocky Buchanan	Member	Town of Spruce Pine Council
Gunther Jochl	Member	Mayor Pro Term of Sugar Mountain
Larry Turnbow	Member	Board of Commissioners - Watauga County
Tom Hartman	Member	Mayor West Jefferson
Andrew Soots	Member	Town of Wilkesboro Council
Eddie Settle	Member	Board of Commissioners, Chair - Wilkes County
Jeff Whitson	Member	Board of Commissioners, Chair - Yancey County

HIGH COUNTRY COUNCIL OF GOVERNMENTS, INC.
Boone, North Carolina

Table of Contents
June 30, 2021

<u>Exhibit</u>		<u>Page(s)</u>
Financial Section		
	Independent Auditors' Report	1 - 3
	Management's Discussion and Analysis	4 - 12
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	13
2	Statement of Activities	14
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	15
3a	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
4	Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds	17
4a	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	18
5	Statement of Revenues, Expenditures, and Changes in Fund Balances -- Annual Budget and Actual -- General and Major Special Revenue Funds	19-20
	Notes to Financial Statements	21-40
Required Supplementary Information		
A-1	Schedule of the Proportionate Share of the Net Pension Asset (Liability) - Local Government Employees' Retirement System	41
A-2	Schedule of Contributions - Local Government Employees' Retirement System	42
A-3	Schedule of Changes in the Total OPEB Liability and Related Ratios	43

Supplementary Information

B-1	Supplemental Schedule of Program Expenditures - Budget and Actual - All Governmental Funds	44
B-2	Schedule of Fringe Benefits	45
B-3	Schedule of Indirect Cost	46

Compliance Section

	Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47-48
	Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With Uniform Guidance and the State Single Audit Implementation Act	49-50
	Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance In Accordance with Uniform Guidance and the State Single Audit Implementation Act	51-52
	Schedule of Findings and Questioned Costs	53-55
	Corrective Action Plan	56
	Summary Schedule of Prior Year Audit Findings	57
	Schedule of Expenditures of Federal and State Awards	58-60



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
High Country Council of Governments
Boone, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the High Country Council of Governments as of and for the year then ended June 30, 2021, and the related notes to the financial statements which collectively comprise the High Country Council of Governments' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of High Country Council of Governments as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Funds 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, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension (Asset) Liability and County Contributions and the Schedule of Changes in Total OPEB Liability on pages 4 through 10 and 39 through 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of High Country Council of Governments. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2021, on our consideration of the High Country Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 High Country Council of Governments' internal control over financial reporting and compliance.

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

Whiteville, NC

November 1, 2021

HIGH COUNTRY COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Management's Discussion and Analysis

As management of the High Country Council of Governments (the Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the High Country Council of Governments for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Council's financial statements, which follow this narrative.

Financial Highlights

The assets and deferred outflows of the Council exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,452,588.

The Council's total net position increased by \$96,509.

As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,602,480, an increase of \$210,233 in comparison with the prior year. Approximately 63.79% of this combined balance, or \$1,022,259 is uncommitted, meaning available for spending at the Council's discretion.

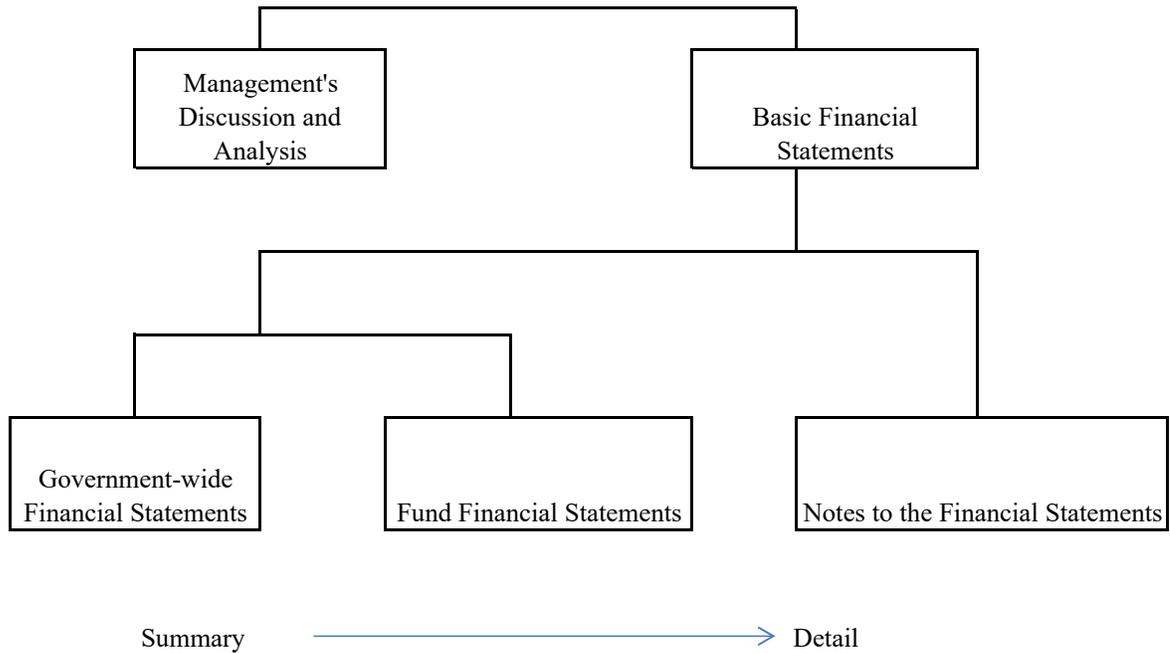
At the end of the current fiscal year, combined restricted fund balances totaled \$360,862.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Council's basic financial statements which consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Council's finances through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Council.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 5) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements may be divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. However, the Council does not have any business-type activities. The governmental activities include all of the Council's basic services such as general administration, human services, regional planning and technical services. State and federal grants and contributions from local governments comprising the service area of the Council finance most of these activities.

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

Fund Financial Statements

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

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

The Council adopts an annual budget for its General Fund and Special Revenue Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the member local governments of the Council, the management of the Council, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Council to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund and Special Revenue Fund demonstrates how well the Council complied with the budget ordinance and whether or not the Council succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain supplemental schedules concerning the Council's Programs. The primary purpose of the supplemental schedules is to provide information concerning the Council's budgeting process.

High Country Council of Governments's Net Position

Net Position

Table A-1

	Governmental Activities	
	2021	2020
Current and other assets	\$ 2,271,196	\$ 1,880,642
Capital asset	1,135,563	1,229,748
Total assets	<u>3,406,759</u>	<u>3,110,390</u>
Total deferred outflows of resources	352,773	276,096
Current Liabilities	755,423	582,019
Long-Term Liabilities Outstanding	1,495,112	1,401,850
Total liabilities	<u>2,250,535</u>	<u>1,983,869</u>
Total deferred inflows of resources	56,409	46,538
Net position:		
Net investment in capital assets	388,772	403,053
Restricted	360,862	112,360
Unrestricted	702,954	840,666
Total Net Position	<u>\$ 1,452,588</u>	<u>\$ 1,356,079</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Council exceeded liabilities and deferred inflows by \$1,452,588, as of June 30, 2021. The Council's net position increased by \$96,509 for the fiscal year ended June 30, 2021. Approximately 29.76% of the net position amount reflects the Council's investment in capital assets (equipment and vehicles) less any related capital leases outstanding that were issued to acquire those items. The Council uses these capital assets to provide services to constituent local government members; consequently these assets are nonspendable. An additional portion of the Council's net position (24.84%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$702,954 representing 48.39% of total net position for the government is uncommitted.

High Country Council of Governments's Changes in Net Position
Changes in Net Position
Table A-2

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Intergovernmental Revenues	\$ 5,562,055	\$ 5,203,239
General revenues:		
Local Government Dues	191,265	128,155
Other General Revenues	29,542	38,122
Unrestricted Investment Earnings	210	9,950
Total Revenues	5,783,072	5,379,466
Expenses:		
Governmental activities:		
General Government	188,064	210,189
Transportation	159,563	159,336
Workforce Development	1,456,281	1,690,394
Economic and Community Development	660,566	655,532
Human Services	3,222,089	2,794,194
Total Expenses	5,686,563	5,509,645
Increase in Net Position	96,509	(130,179)
Net position, July 1	1,359,923	1,486,260
Net position, June 30	\$ 1,452,588	\$ 1,359,923

Governmental Activities. Governmental activities increased the Council's fund balances by \$96,509. The 2020-2021 expenditures of operating grants and related revenues decreased in the General and Workforce Development departments. Transportation, Economic and Community Development, and Human Services and Transportation experienced increases in expenditures.

Financial Analysis of the Council's Funds

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

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

The General Fund accounts for all unrestricted resources and provides the local matching share for grants accounted for in the Special Revenue Fund through transfers. At the end of the fiscal year, unassigned fund balance of the General Fund was \$1,022,259 while total fund balance was \$1,383,121. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 18.34% of total General and Special Revenue Fund expenditures and transfers.

As of June 30, 2021, the governmental funds of the Council reported a total combined fund balance of \$1,602,480, representing an increase of \$210,233 from the prior year.

General Fund Budgetary Highlights: During the fiscal year, the Council amended the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. There were no amendments to the General Fund. Amendments to the Special Revenue Fund increased revenues and expenditures by \$594,742.

Capital Asset and Debt Administration

Capital assets. The Council’s investment in capital assets for its governmental activities as of June 30, 2021, totals \$1,135,563 (net of accumulated depreciation). These assets include building, equipment and vehicles.

The Council's Capital Assets

Figure 4

	Governmental Activities	
	2021	2020
Land	\$ 522,720	\$ 522,720
Council Building	578,049	652,821
Council Equipment	34,794	54,207
Total (net of accumulated depreciation)	<u>\$ 1,135,563</u>	<u>\$ 1,229,748</u>

Additional information on the Council’s capital assets can be found in Note D of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

High Country Council of Governments remains optimistic about the opportunities that lie ahead in the upcoming fiscal year. With the implications of legislation at the federal, state, and local level, the organization will be diligent as it moves forward. The High Country Council of Governments will continue its strategic focus on serving our local government members, community members, and stakeholders with exceptional professional service. The High Country Council of Governments will continue to maximize resources to meet the ever-changing needs of our members while striving to improve the quality of life and economic prosperity of the High Country.

Budget Highlights for the Fiscal Year Ending June 30, 2022

The adopted budget for the High Country Council of Governments' (HCCOG) 2021-2022 fiscal year is \$7,161,778. The adopted budget is \$52,380 (4.9%) less compared to the 2020-2021 originally adopted budget.

The HCCOG budget is divided into four (4) main departments including: Workforce Development, Area Agency on Aging, Planning and Development, and the General Fund. Highlights from the individual departments are summarized below:

Workforce Development

High Country Council of Governments serves as the administrative/fiscal agent for Workforce Innovation and Opportunity Act (WIOA) funded programs and services. WIOA formula funding is provided by the United State Department of Labor to serve adult, dislocated worker, youth and business customers. WIOA legislation emphasizes the need to assist business customers with obtaining the workers they need to be successful. On the jobseeker side, WIOA funding assists adult and youth customers in working toward meeting their education and employment goals through career center services including assessments, classroom training, on-the-job training, work experiences, supportive services case management, job search assistance, placement services and employment follow up services.

The High Country Workforce Development Board (HCWDB) will be working to increase work-based learning and incumbent worker training due to great emphasis from the federal and state level. The HCWDB will continue to administer \$75,000 of incumbent worker training funds to provide grants to business/industry to retrain and upskill their workforce and will administer a \$100,000 National Emergency Grant for Dislocated Workers from the North Carolina Department of Commerce to provide training to dislocated workers who have lost their jobs/employment. The HCWDB will continue to utilize the National Emergency Grant for Dislocated Workers in Fiscal Year 2022 to meet the needs of jobseekers and employers.

The HCWDB will continue to administer \$185,000 in funding for the Finish Line Grants to help community college students to stay in school and complete their degree or certification program. This has been a very successful program that has allowed students to stay in school and graduate without having to quit school due to a financial emergency or hardship.

The HCWDB will continue to promote and establish work-based learning initiatives that will help to develop a qualified skilled workforce to meet the needs of business and industry. This will also help to create better careers/jobs, skilled workers, and a better economy for the High Country region.

Area Agency on Aging

The High Country's Area Agency on Aging (AAA) administers the Long-Term Care Ombudsman and Family Caregiver Support Programs, health promotion and disease prevention classes, administrative support for the North Carolina Senior Tar Heel Legislature/Aging Advisory Committee, the NC Lifespan Respite Project, and many activities authorized by the Older Americans Act and state-directed funds for older adults.

The AAA is responsible for contracting with local providers throughout the region and monitoring the expenditure of funds and service delivery to ensure that all spending follows program requirements.

The AAA will continue administering the NC Lifespan Respite Project as part of a three-year grant awarded to the NC Division of Aging and Adult Services (NCDAAS). The AAA has administered this project for the previous two years and will continue with approximately \$185,000 for FY22. Lifespan Respite provides funding for respite vouchers for adult caregivers caring for someone with special needs of any age.

The High Country AAA's Family Caregiver Support Program (FCSP) continues to mature and now includes the Grandparents Raising Grandchildren Program. The AAA's FCSP provides caregiver directed respite vouchers for all seven counties and other services and support to family caregivers. The FCSP program allows for flexibility in services, providing caregivers with various types of supports such as incontinence supplies, nutritional supplements, and home repair and modifications.

Due to the COVID-19 pandemic the AAA will be receiving supplemental nutritional funding to provide additional meal services. Regional nutrition providers will receive a total of \$133,316 to provide additional home delivered meals. The Families First and CARES Act will carry over into the first three months of Fiscal Year 2022 and continue to provide support for COVID-19 related services. Roughly \$55,000 will carry over by the AAA for direct service and support and \$238,500 is expected to be carried over by local providers to support both Older Americans Act Title IIIC nutrition services and Title IIIB support services. Both funding sources must be utilized by September 2021.

Planning and Development

The Planning and Development department is supported by funding from the Appalachian Regional Commission (ARC), Economic Development Administration (EDA), North Carolina Department of Transportation (NCDOT), member government match, and contracts with local governments for larger projects and grant administration. Where available, staff leverages state and federal grant funds for administration. These contracts enable the department to offer a more robust array of specialized services throughout the region. Local contractual fundings for Fiscal Year 2022 is estimated at \$115,000. Contractual revenue consists primarily of grant administration (projects in West Jefferson, Boone, Avery County, Mitchel County, Wilkes County, Watauga County, and Yancey County) and GIS services.

The GIS Program has \$60,000 revenue budgeted based on previous years' performance. Most GIS projects are based on lump-sum contracts. Other projects are charged by the hour. For Fiscal Year 2022, the rate for GIS services will be \$60/hour.

The Planning and Development department administers the Rural Transportation Planning Organization (RPO). The NCDOT funding for the RPO for Fiscal Year 2022 is \$127,650, with a local match requirement of \$31,913.

General Fund and Indirect Cost

This year's proposed budget includes \$23,000 in revenue from the lease of HCCOG office's Suite B and approximately \$41,000 additional local funds as part of a planned three-year phased-in increase to meet the local math requirements on federal grants. Revenues and expenditures are conservatively balanced. The indirect cost rate is 56%. The staffing level projected for the coming fiscal year is 20 full-time and 1 part-time employees.

The HCCOG office building has eight (8) remaining years on the term with an interest rate of 4.19%. The debt service for the building will include \$83,317 in principal payments and \$29,703 in interest for the fiscal year 2021-2022.

The indirect budget includes funds to cover the required post-employment benefit actuary study to be conducted on an annual basis at a cost of \$3,000.

Budget Highlights

Expenditures:

- A cost of living adjustment of 2.5% is proposed for all employees.
- The fringe rate (employee benefits) is 40%. Matching contributions to the Local Government Retirement System has increased from 10.15% to 11.35%
- Software expenditures includes estimated expenses for IT support and various software systems as required by each department.

Revenues:

- A new lease agreement for HCCOG office's Suite B will generate \$23,000.
- Local match will increase for year two of the three-year planned phase-in to meet local matching requirements.
- Workforce Development budget includes \$500,000 in special grant funds such as the Finish Line Grant Program and the National Dislocated Worker Grant Program.
- The Planning and Development department contractual revenue includes an estimated \$60,000 in revenue for GIS services. The rate for GIS services is budgetd at the same \$60 per hour rate.
- AAA revenues include a special allocation of \$133,316 for county-based supplemental nutrition services from the CARES Act.

Requests for Information

This report is intended to provide a general overview of the High Country Council of Governments' finances. Questions or requests for additional information should be directed towards Julie Wiggins, Executive Director, High Country Council of Governments, 468 New Market Blvd., Boone, NC 28607.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HIGH COUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,118,408
Accounts receivable	7,378
Grants receivable	1,145,410
Total Current Assets	2,271,196
Noncurrent assets:	
Capital assets, net of depreciation	1,135,563
Total Assets	3,406,759
DEFERRED OUTFLOWS OF RESOURCES	352,773
LIABILITIES	
Current liabilities:	
Accounts Payable	630,615
Current Portion of Long-Term Liabilities	124,808
Total current liabilities	755,423
Long-term liabilities:	
Accrued Leave	41,491
Net OPEB Liability	250,202
Net Pension Liability	539,945
Due in more than one year	663,474
Total Long-Term Liabilities	1,495,112
Total Liabilities	2,250,535
DEFERRED INFLOWS OF RESOURCES	56,409
NET POSITION	
Net investment in capital assets	388,772
Restricted for:	
Stabilization by State Statute	360,862
Unrestricted	702,954
Total Net Position	\$ 1,452,588

HIGH COUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Economic and Community Development	\$ 660,566	\$ -	\$ 758,120	\$ 97,554
Human Services	3,222,089	-	3,205,423	(16,666)
Workforce Development	1,456,281	-	1,438,949	(17,332)
Transportation	159,563	-	159,563	-
Local Activities	188,064	-	-	(188,064)
Total governmental activities	\$ 5,686,563	\$ -	\$ 5,562,055	(124,508)
General revenues:				
Local government dues and participant fees				191,265
Unrestricted investment earnings				210
Miscellaneous				29,542
Total general revenues				221,017
Change in net position				96,509
Net position, beginning				1,356,079
Net position, ending				\$ 1,452,588

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

FUND FINANCIAL STATEMENTS

HIGH COUNTRY COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Major Funds		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,104,148	\$ 14,260	\$ 1,118,408
Accounts Receivable - Other	7,378	1,145,410	1,152,788
Due from other Funds	353,484	-	353,484
Prepaid Expenses	-	-	-
Total assets	<u>\$ 1,465,010</u>	<u>\$ 1,159,670</u>	<u>\$ 2,624,680</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 23,415	\$ 551,151	\$ 574,566
Due to Other Funds	-	353,484	353,484
Due to Other Governments	-	-	-
Other Accrued Expenses	56,049	-	56,049
Total liabilities	<u>79,464</u>	<u>904,635</u>	<u>984,099</u>
DEFERRED INFLOWS OF RESOURCES	2,425	35,676	38,101
Fund balances:			
Nonspendable:			
Prepaid expenses	-	-	-
Restricted:			
Stabilization by State Statute	360,862	-	360,862
Assigned:			
Special Revenue Funds	-	219,359	219,359
Appropriated for Subsequent years	-	-	-
Unassigned:	1,022,259	-	1,022,259
Total fund balances	<u>1,383,121</u>	<u>219,359</u>	<u>1,602,480</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,465,010</u>	<u>\$ 1,159,670</u>	<u>\$ 2,624,680</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance		\$ 1,602,480
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	2,121,453	
Accumulated Depreciation	<u>(985,890)</u>	
Capital assets, net		1,135,563
Deferred outflows of resources related to pensions are not reported in the funds		304,601
Deferred outflows of resources related to OPEB are not reported in the funds		48,172
Deferred inflows of resources related to pensions are not reported in the funds		(9,731)
Deferred inflows of resources related to OPEB are not reported in the funds		(8,577)
Some liabilities are not due and payable in the current period and therefore are not reported in net assets of governmental activities.		
Accrued Compensated Absences	(82,982)	
Net Pension Asset (Liability)	(539,945)	
Total OPEB Liability	(250,202)	
Installment Purchase Agreement	<u>(746,791)</u>	
Total long-term liabilities		<u>(1,619,920)</u>
Net Position of Governmental Activities		\$ <u><u>1,452,588</u></u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Major Funds		Total Governmental Funds
	General	Special Revenue Fund	
REVENUES			
Federal funds	\$ -	\$ 4,908,201	\$ 4,908,201
State Funds	-	235,462	235,462
Local Funds	-	418,392	418,392
General:			
Miscellaneous	29,542	-	29,542
Interest	210	-	210
Local Activities	191,265	-	191,265
Total revenues	<u>221,017</u>	<u>5,562,055</u>	<u>5,783,072</u>
EXPENDITURES			
Transportation	-	159,563	159,563
Economic Development	-	627,982	627,982
Health and Human Services	-	3,200,781	3,200,781
Workforce Development	-	1,438,949	1,438,949
Local Activities	145,564	-	145,564
Total expenditures	<u>145,564</u>	<u>5,427,275</u>	<u>5,572,839</u>
Excess (deficiency) of revenues over expenditures	75,453	134,780	210,233
Fund balances, beginning	<u>1,307,668</u>	<u>84,579</u>	<u>1,392,247</u>
Fund balances, ending	<u>\$ 1,383,121</u>	<u>\$ 219,359</u>	<u>\$ 1,602,480</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ 210,233
---	------------

Governmental funds report capital outlays as expenditures. However, in the Statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Depreciation expense for governmental assets	(94,185)
Capital outlay expenditures which were capitalized	-
	(94,185)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	109,153
--	---------

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	9,139
--	-------

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

Principal payments on long-term debt	79,904
--------------------------------------	--------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

OPEB Expense	(16,865)
Pension Expense	(189,812)
Compensated absences	(11,058)
	(217,735)

Total changes in net position of governmental activities	\$ 96,509
--	-----------

HIGH COUNTRY COUNCIL OF GOVERNMENTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
For the Year Ended June 30, 2021

	General Fund			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Federal and State grants	\$ -	\$ -	\$ -	\$ -
State Funds	-	-	-	-
Local Funds	-	-	-	-
General:				
Miscellaneous	31,873	31,873	29,542	(2,331)
Local Activities	186,676	186,676	191,265	4,589
Interest	6,000	6,000	210	(5,790)
Total Revenues	<u>224,549</u>	<u>224,549</u>	<u>221,017</u>	<u>(3,532)</u>
Expenditures:				
Transportation	-	-	-	-
Economic and Community Development	-	-	-	-
Human Services	-	-	-	-
Workforce Development	-	-	-	-
Local Activities	<u>224,549</u>	<u>224,549</u>	<u>145,564</u>	<u>78,985</u>
Total Expenditures	<u>224,549</u>	<u>224,549</u>	<u>145,564</u>	<u>78,985</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>75,453</u>	<u>75,453</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>75,453</u>	<u>\$ 75,453</u>
Fund Balance, Beginning			<u>1,307,668</u>	
Fund Balance, Ending			<u>\$ 1,383,121</u>	

HIGH COUNTRY COUNCIL OF GOVERNMENTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
For the Year Ended June 30, 2021

	Special Revenue			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal Funds	\$ 6,269,599	\$ 6,807,150	\$ 4,908,201	\$ (1,898,949)
State Funds	257,453	267,683	235,462	(32,221)
Local Funds	438,797	463,328	418,392	(44,936)
Miscellaneous	-	22,430	-	(22,430)
Total Revenues	<u>6,965,849</u>	<u>7,560,591</u>	<u>5,562,055</u>	<u>(1,998,536)</u>
EXPENDITURES				
Transportation	159,563	159,563	159,563	-
Economic and Community Development	573,564	799,155	627,982	171,173
Human Services	3,609,493	3,633,005	3,200,781	432,224
Workforce Development	2,623,229	2,968,868	1,438,949	1,529,919
Local Activities	-	-	-	-
Total Expenditures	<u>6,965,849</u>	<u>7,560,591</u>	<u>5,427,275</u>	<u>2,133,316</u>
Revenues Over (Under) Expenditures	-	-	134,780	134,780
Fund Balance Appropriated	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	134,780	<u>\$ 134,780</u>
Fund Balance, Beginning			84,579	
Fund Balance, Ending			<u>\$ 219,359</u>	

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of High Country Council of Governments conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

High Country Council of Governments ("Council"), a voluntary association of local governments, is one of seventeen multi-county planning districts in the State of North Carolina and is comprised of Alleghany, Ashe, Avery, Mitchell, Watauga, Wilkes and Yancy Counties. The Council provides a wide range of technical assistance and planning services to member governments upon request.

Basis of Presentation and Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements display the *governmental activities* of the Council. Governmental activities generally are financed through intergovernmental revenues and grant programs.

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

Fund Financial Statements: The fund financial statements provide information about the Council's funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Council reports the following major governmental funds.

General Fund

The General Fund is the general operating fund of the Council. It is to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are local assessments. The primary expenditures are for salaries and other general government services.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council's federal and State grant funds are maintained in the Special Revenue Fund.

Measurement Focus and Basis of Accounting

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

Government-wide Fund Financial Statements. The government-wide fund financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Council considers all revenues if they are collected within 60 days after year-end.

Grant revenues which are unearned at year-end are recorded as unearned revenues.

Those revenues susceptible to accrual are member dues, and investment earnings, technical assistance contracts, contacts and fees, and federal and State restricted intergovernmental revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Data

The Council's budgets are adopted as required by the North Carolina General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the government-wide level for all annually budgeted funds and the project level for the multi-year funds. An annual budget is adopted for the General Fund and the Special Revenue Fund. All budgets lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the program level for the general fund and the special revenue fund. The Finance Officer is authorized by the budget ordinance to transfer appropriations at the program level within a fund; however, any revisions that alter total expenditures must be approved by the governing board. During the year, several amendments to the original budget were necessary.

Assets, Liabilities and Net Assets/Fund Balance

Deposits and Investments

All deposits of the Council are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Council may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Council 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 Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Council's investments are reported at fair value. The NCCMT- Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The Council pools money from several funds to facilitate disbursement and add to investments to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are not reduced by valuation reserves since no losses are normally expected during their collection.

Capital Assets

Capital assets are defined by the Council as assets with an initial, individual cost more than a certain cost and an estimated useful life in excess of two years. The Council's capital assets are recorded at cost or estimated historical cost. Properties donated to the Council are recorded at the fair market value as of the date received. The Council's capitalization policy is \$5,000.

Land on which the facility is located is not a depreciable asset. Capital assets are subject to depreciation and depreciated using the straight-line basis over the following estimated useful lives:

	<u>Estimate Useful Lives</u>
Building	20
Vehicles	5
Computer Equipment	5

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has two items that meets this criterion - pension and OPEB deferrals. 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 Council has three items that meets the criterion for this category - Revenue for grants received but not yet expended, and deferrals of pension and OPEB expense that result from the implementation of GASB Statement 68 and 75.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Council earn from 7.5 to 15 hours of annual leave per month depending on years of service. Annual leave earned but not taken may be accumulated to a maximum of 120 to 360 hours (2-years earned) based on years of service. The Council's liability for accrued annual leave and the salary-related payments as of June 30, 2021 is recorded in the government-wide financial statements on a LIFO basis, assuming that employees take leave time as it is earned.

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

Net Position/Fund Balances

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items

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

Restricted Fund Balance

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

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted for Stabilization by State Statute

North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Committed Fund Balance

Portion of fund balance that can only be used for specific purposes imposed by majority vote of the Council's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance

Portion of fund balance that the Council intends to use for specific purposes.

Assigned for:

Revenue sources are assigned to fund budgeted amounts in the subsequent period for obligations related to federal and State award expenditures and obligations related to employment. The financial statements detail these assigned classifications.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned Fund Balance

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

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

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Council's employer contributions are recognized when due and the Council has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

None Reported.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS

ASSETS

Deposits

All the Council's deposits are either insured or collateralized by using one of two methods. The Council does not use the Dedicated Method, whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Council's agents in the Council's name. All of the Council's deposits are collateralized using the Pooling Method. 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 Council, these deposits are considered to be held by the Council's agent in the Council's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Council or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Council under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. 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 Council has no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Council's deposits had a carrying amount of (\$31,856) and a bank balance of \$101,436. Of the bank balance, \$101,436 was covered by federal depository insurance, and the remaining \$230,547 was covered by collateral held under the Pooling Method. At June 30, 2021, the Council had no petty cash.

Investments

At June 30, 2021, the Council had \$1,150,264 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Council has no policy regarding credit risk.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

Award Receivables

The following is a schedule of award cash that has been disbursed by the Council for program purposes, but program award funds were received subsequent to year end:

General Fund	\$ -
Special Revenue Fund	
Workforce Development	153,063
Human Services	832,603
Economic and Community Development	121,200
Transportation	38,544
	<u>1,145,410</u>
	<u>\$ 1,145,410</u>

Capital Assets

Capital asset activity for Council for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 522,720	\$ -	\$ -	\$ 522,720
Capital assets being depreciated:				
Council Building	1,495,429	-	-	1,495,429
Council Equipment	130,150	-	(26,846)	103,304
Total Capital assets being depreciated	<u>1,625,579</u>	-	<u>(26,846)</u>	<u>1,598,733</u>
Less accumulated depreciation for:				
Council Building	842,608	74,772	-	917,380
Council Equipment	75,943	19,413	(26,846)	68,510
Total accumulated depreciation	<u>918,551</u>	<u>\$ 94,185</u>	<u>\$ (26,846)</u>	<u>985,890</u>
Total capital assets being depreciated, net	<u>707,028</u>			<u>612,843</u>
Governmental activity capital assets, net	<u>\$ 1,229,748</u>			<u>\$ 1,135,563</u>

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

Local Activities	\$ 94,185
------------------	-----------

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

Local Government Employees' Retirement System

Plan Description. The Council is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Council employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Council's contractually required contribution rate for the year ended June 30, 2021, was 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Council were \$109,153 for the year ended June 30, 2021.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

Refunds of Contributions – Council employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Council reported a liability of \$539,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Council’s proportion of the net pension liability was based on a projection of the Council’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Council’s proportion was 0.0151% (measured as of June 30, 2020), which was a decrease of 0.00145% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the Council recognized pension expense of \$189,811. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,186	\$ -
Changes in assumptions	40,182	-
Net difference between projected and actual earnings on pension plan investments	75,983	-
Changes in proportion and differences between Council Contributions and proportionate share of contributions	11,097	9,731
Council contributions subsequent to the measurement date	109,153	-
Total	\$ 304,601	\$ 9,731

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

\$109,153 reported as deferred outflows of resources related to pensions resulting from Council contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ 53,542
2023	70,270
2024	39,418
2025	22,487
Thereafter	-

Actuarial Assumptions . The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	3.50 Percent
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

Sensitivity of the Council's proportionate share of the net pension asset to changes in the discount rate. The following presents the Council's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Council's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate	1% Increase (8.00%)
Council's proportionate share of the net pension liability (asset)	\$ 1,095,489	\$ 539,945	\$ 78,248

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

Supplemental Retirement Plan

Full time employees of the Council are also eligible for the supplemental retirement plans under Internal Revenue Code Sections 401(k) and 457. Under these plans, an employee may contribute a percentage of their annual gross salary as limited by federal tax laws. Additionally, the Council matches up to a maximum 4% of an eligible employee's gross salary to a supplemental retirement plan. The Council's contribution to the 401(k) and 457 plans for 2021 and 2020 were \$38,906 and \$35,956, respectively.

Other Post Employment Benefits

Plan Description: Under the terms of a Council resolution, the Council administers a single-employer benefit health reimbursement plan. The Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Eligible employees must have 30 or more years of service to the Council and a hire date before July 1, 2007. The Council pays the full cost of healthcare related expenses, not to exceed \$5,000 per year for a maximum of 20 years. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	5
Total	8

Total OPEB Liability

The Council's total OPEB liability of \$250,202 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 7.75%, including inflation
Discount rate	2.21%
Healthcare cost trend rates	N/A

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

Balance at July 1, 2020	\$ 224,206
Changes	
Service cost	2,649
Interest	7,694
Changes of benefit terms	-
Differences between expected and actual experience	(863)
Changes in assumptions or other inputs	30,667
Benefit payments	(14,151)
Net changes	25,996
Balance at June 30, 2021	\$ 250,202

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS Board.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Council, as well as what the Council's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease	Discount Rate (2.21%)	1% Increase
Total OPEB Liability	\$ 278,194	\$ 250,202	\$ 225,946

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Council, as well as what the Council's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 250,202	\$ 250,202	\$ 250,202

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Council recognized OPEB expense of \$16,865. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,918	\$ 1,235
Changes of assumptions	30,115	7,342
Benefit payments and administrative costs made subsequent to the measurement date	9,139	-
Total	\$ 48,172	\$ 8,577

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

\$9,139 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement dates will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 6,522
2022	6,680
2023	8,819
2024	6,856
2025	1,579
Thereafter	-

Long-Term Obligation Activity

High Country Council of Government has \$746,791 outstanding under a direct placement installment purchase for a building. The financial institution has pledged to provide installment financing over 20 years at 4.19% interest. Principal and interest are due in monthly installments of \$9,418. In the event of default BB&T may a) declare the unpaid principal components of the Installment Payments immediately due and payable, b) proceed by appropriate court action to enforce the COG's performance of applicable covenants of this agreement or to recover for the breach thereof, c) As provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate; and d) avail itself of all available remedies under this Agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04, and recovery of attorney's fees and other expenses. The following schedule summarized the Council's long-term obligations.

Schedule of changes in long term debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Included in long term debt					
Direct Placement Installment					
Purchase	\$ 826,695	\$ -	\$ 79,904	\$ 746,791	\$ 83,317
Total OPEB Liability	224,206	25,996	-	250,202	-
Net Pension Liability	394,891	145,054	-	539,945	-
Compensated absences	71,924	11,058	-	82,982	41,491
	<u>\$ 1,517,716</u>	<u>\$ 182,108</u>	<u>\$ 79,904</u>	<u>\$ 1,619,920</u>	<u>\$ 124,808</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE C - DETAIL NOTES ON ALL FUNDS (CONTINUED)

<u>Schedule of future debt</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 83,317	\$ 29,704	\$ 113,021
2023	86,876	26,145	113,021
2024	90,587	22,434	113,021
2025	94,456	18,564	113,020
2026	98,491	14,530	113,021
2027-2030	293,064	17,720	310,784
	<u>\$ 746,791</u>	<u>\$ 129,097</u>	<u>\$ 875,888</u>

NOTE D - NET INVESTMENT IN CAPITAL ASSETS

Governmental

Capital Assets	\$ 1,135,563
less: Long-term Debt	746,791
	<u>\$ 388,772</u>

NOTE E - FUND BALANCE

High Country Council of Governments has a revenue spending policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-School funds, High Country Council of Government funds. For purposes of fund balance, classification expenditures are to be spent from restricted fund balance first, following in order by committed, assigned and unassigned fund balance. The Finance Officer has Council authorization to deviate from this policy if it is in the best interest of the Council. The following provides to the public the portion of the General fund balance that is available for appropriation:

Total fund balance	\$ 1,383,121
Less:	
Prepaid Expenses	-
Stabilized by State Statute	360,862
Assigned Fund Balance	-
Remaining fund balance	1,022,259

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE F - COST ALLOCATION

Costs incurred for a common or joint purpose which benefit more than one program are charged to the programs by an indirect cost allocation plan. This plan is prepared each fiscal year in connection with the budget. A copy of the plan accompanies grant applications and is formally reviewed for approval by some Federal and State agencies. For the year ended June 30, 2021, the indirect allocation rate and the fringe benefit rate were 56% and 40% respectively.

NOTE G - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 109,153
Contributions to OPEB plan in current fiscal year	9,139
Differences between expected and actual experience	
Pension	68,186
OPEB	8,918
Changes in assumptions	
Pension	40,182
OPEB	30,115
Net difference between projected and actual earnings on pension plan investments	
Pension	75,983
Changes in proportion and differences between Council Contributions and proportionate share of contributions	
Pension	11,097
Total	\$ 352,773

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

Per capita assessment not yet earned (General)	\$ 2,425
Grants not yet earned (Special Revenue)	35,676
Pension deferrals	9,731
OPEB deferrals	8,577
Total	\$ 56,409

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE H - RISK MANAGEMENT AND CONTINGENCIES

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council carries commercial insurance according to North Carolina General Statutes, which includes individual performance bond coverage for the Finance Officer in the amount of \$50,000. Claims have not exceeded coverage in the last three fiscal years.

Federal and State Assisted Programs

The Council 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 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.

Unemployment Compensation Insurance

The Council is required to fund unemployment compensation benefits for its employees. The Council has elected the direct reimbursement method for paying the costs of unemployment compensation benefits. Under the new state rules for reimbursable accounts. The Council remitted 1% of their annual salaries to the state unemployment to hold on account. The Council did not disburse funds for unemployment purposes during the fiscal year ended June 30, 2021, nor does the Council consider the risk of these costs significant sufficiently to provide for an accrual of this contingency.

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, business and communities. Specific to the Council, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

NOTE I - SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

There were no subsequent events to disclose.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Asset (Liability) - Local
Government Employees' Retirement System

Schedule of Contributions - Local Government Employees' Retirement System

Schedule of Changes in the Total OPEB Liability and Related Ratios

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
PROPORTINATE SHARE OF NET PENSION (ASSET) LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS ***

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Council's proportion of the net pension liability (asset) (%)	0.0151%	0.0145%	0.0157%	0.0137%
Council's proportion of the net pension liability (asset) (\$)	\$ 539,945	\$ 394,891	\$ 372,458	\$ 209,756
Council's covered payroll	\$ 1,023,463	\$ 958,834	\$ 945,443	\$ 909,270
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.76%	41.18%	39.40%	23.07%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	90.86%	92.00%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability (asset) (%)	0.0138%	0.0163%	0.0166%	0.0169%
Council's proportion of the net pension liability (asset) (\$)	\$ 292,458	\$ 73,064	\$ (97,721)	\$ 203,710
Council's covered payroll	\$ 784,494	\$ 782,920	\$ 976,329	\$ 937,668
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.28%	9.33%	-10.01%	21.73%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**This will be the same percentage for all participant employers in the LGERS plan.

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS - LGERS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 109,153	\$ 91,557	\$ 73,510	\$ 70,806
Contributions in relation to the contractually required contribution	<u>\$ 109,153</u>	<u>\$ 91,557</u>	<u>\$ 73,510</u>	<u>\$ 70,806</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered payroll	\$ 1,075,395	\$ 1,023,463	\$ 958,834	\$ 945,443
Contributions as a percentage of covered payroll	10.15%	8.95%	7.67%	7.49%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 65,922	\$ 91,387	\$ 94,342	\$ 117,648
Contributions in relation to the contractually required contribution	<u>\$ 65,922</u>	<u>\$ 91,387</u>	<u>\$ 94,342</u>	<u>\$ 117,648</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered payroll	\$ 909,270	\$ 784,494	\$ 782,920	\$ 976,329
Contributions as a percentage of covered payroll	7.25%	11.65%	12.05%	12.05%

HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 2,649	\$ 2,370	\$ 2,503	\$ 2,805
Interest	7,694	7,716	7,472	6,840
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(863)	14,356	(598)	(740)
Changes of assumptions	30,667	8,460	(6,734)	(12,344)
Benefit payments	<u>(14,151)</u>	<u>(13,950)</u>	<u>(14,413)</u>	<u>(13,488)</u>
Net change in total OPEB liability	<u>25,996</u>	<u>18,952</u>	<u>(11,770)</u>	<u>(16,927)</u>
Total OPEB liability - beginning	<u>224,206</u>	<u>205,254</u>	<u>217,024</u>	<u>233,951</u>
Total OPEB liability - ending	<u>\$ 250,202</u>	<u>\$ 224,206</u>	<u>\$ 205,254</u>	<u>\$ 217,024</u>
Covered payroll	N/A*	N/A*	N/A*	N/A*
Total OPEB liability as a percentage of covered payroll	N/A*	N/A*	N/A*	N/A*

* Covered payroll not displayed as there are fewer than 10 active employees participating.

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

SUPPLEMENTARY INFORMATION

HIGH COUNTRY COUNCIL OF GOVERNMENTS
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Local Administration	\$ 224,549	\$ 145,564	\$ 78,985
	<u>224,549</u>	<u>145,564</u>	<u>78,985</u>
Economic and Community Development			
Technical Assistance, Administration, and Special Projects	799,155	627,982	171,173
	<u>799,155</u>	<u>627,982</u>	<u>171,173</u>
Human Services			
Block Grant, P&A, Ombudsman, Caregiver, and Other	3,633,005	3,200,781	432,224
	<u>3,633,005</u>	<u>3,200,781</u>	<u>432,224</u>
Transportation			
RPO Planning	159,563	159,563	-
	<u>159,563</u>	<u>159,563</u>	<u>-</u>
Workforce Development			
COVID-19 Dislocated Worker	167,500	49,545	117,955
Workforce Development Act 4031	200,000	61,593	138,407
Workforce Development Act 4010	181,387	147,727	33,660
Workforce Development Act 4020	678,066	375,658	302,408
Workforce Development Act 4030	425,814	146,740	279,074
Workforce Development Act 4040	689,273	326,674	362,599
Workforce Development Act - Pathways	247,219	154,380	92,839
Finish Line	207,755	96,490	111,265
Maximize Carolinas	4,372	4,372	-
Enhancement	167,482	75,770	91,712
	<u>2,968,868</u>	<u>1,438,949</u>	<u>1,529,919</u>
Administration, Wilkes Community College, Mayland Community College	2,968,868	1,438,949	1,529,919
	<u>2,968,868</u>	<u>1,438,949</u>	<u>1,529,919</u>
Total Program Expenditures	<u>\$ 7,785,140</u>	<u>\$ 5,572,839</u>	<u>\$ 2,212,301</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS
 For the Year Ended June 30, 2021

	2021 <u>FY Budget Cost</u>
Total Annual Salaries	\$ 1,037,124
FICA	77,668
LGERS Retirement	106,791
Supplemental Retirement	36,897
Group Insurance	139,594
Other Post Employment Benefits	15,000
Holiday Leave	-
Annual Leave	13,000
Longevity	15,000
Workers Comp	3,675
Unemployment Insurance	5,292
Total Fringe Benefits	<u>\$ 412,917</u>
<u>Total Fringe Benefits</u>	<u>412,917</u>
Total Annual Salaries	\$ 1,037,124
=	=
	40%
Total Annual Salaries	\$ 1,037,124
Total Fringe Benefits	<u>412,917</u>
Total Personnel Costs	<u>\$ 1,450,041</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
For the Year Ended June 30, 2021

		<u>2021</u> <u>FY Budget Cost</u>
Total Indirect Annual Salaries	\$	247,219
Total Indirect Fringe Benefits		94,527
Professional Services		33,550
Travel		18,000
Board Fees / Travel		-
Occupancy Costs		142,971
Operating Expense		85,671
Total Indirect Expenditures	\$	<u>621,938</u>
Total Personnel Costs	1,450,041	
Less: Total Indirect Salaries	(247,219)	
Less: Total Indirect Fringe Benefits	<u>(94,527)</u>	
Total Direct Salaries and Direct Fringe Benefits		<u>\$ 1,108,295</u>

Indirect Rate Calculation

Total Indirect Expenditures	<u>621,938</u>		
Total Direct Salaries and Direct Fringe Benefits	1,108,295	=	56%

COMPLIANCE SECTION



Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

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

To the Board of Directors
High Country Council of Governments
Boone, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the High Country Council of Governments as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the High Country Council of Governments' basic financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

High Country Council of Government's Response to Findings

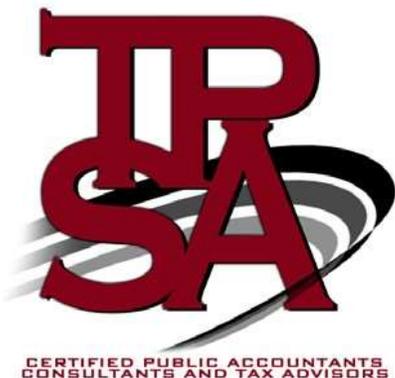
The Council's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Whiteville, NC
November 1, 2021



Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

**Report On Compliance With Requirements Applicable to Each Major Federal Program
and Internal Control Over Compliance in Accordance With OMB Uniform Guidance and the
State Single Audit Implementation Act**

To the Board of Directors
High Country Council of Governments
Boone, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the High Country Council of Governments' compliance with the types of compliance requirements described in the OMB *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 High Country Council of Governments' major federal programs for the year ended June 30, 2021. High Country Council of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of High Country Council of Governments' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about High Country Council of Governments' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, High Country Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the High Country Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the typed of compliance requirements referred to above. In planning and performing our audit of compliance, we considered High Country Council of Governments' internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

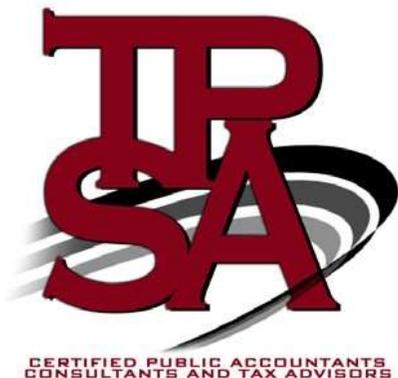
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

Whiteville, NC
November 1, 2021



Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

**Report On Compliance With Requirements Applicable to Each Major State Program And
Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the
State Single Audit Implementation Act**

To the Board of Directors
High Country Council of Governments
Boone, North Carolina

Report on Compliance for Each Major State Program

We have audited High Country Council of Governments' compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of High Country Council of Governments' major state programs for the year ended June 30, 2021. High Country Council of Governments' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of High Country Council of Governments' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States; and applicable sections of *Title 2 US Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about High Country Council of Governments; compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of High Country Council of Governments' compliance.

Opinion on Each Major State Program

In our opinion, High Country Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the High Country Council of Governments 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 High Country Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

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

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

Whiteville, NC
November 1, 2021

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
BOONE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes No

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 cfr 200.516(a)? Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Aging Cluster:
93.044	Special Programs for the Aging - Title III, Part B- Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services
93.053	Nutrition Services Incentive Program (NSIP)
11.307	CARES - Economic Adjustment Assistance

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
BOONE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Dollar threshold used to distinguish between
Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes No

State Awards

Internal control over major State programs:

Material weaknesses identified?

 Yes X No

Significant Deficiency(s) identified that are not
considered to be material weaknesses?

 Yes X None Reported

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

Any audit findings disclosed that are required to be
reported in accordance with the State Single Audit Implementation Act?

 Yes X No

Identification of major State programs:

Program Name

- 90% State Funds - Ombudsman
- 90% State Funds - In-Home Services
- 90% State Funds - Home Delivered Meals
- 90% State Funds - Access

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
BOONE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
BOONE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

None noted.

HIGH COUNTRY COUNCIL OF GOVERNMENTS, INC.
HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program	Federal CFDA <u>Number</u>	Federal <u>Expenditures</u>	State <u>Expenditures</u>	Pass-through to <u>Subrecipients</u>	Total <u>Expenditures</u>
Federal Awards:					
U.S Department of Labor:					
Passed through N. C. Department of Commerce					
Division of Workforce Solutions					
Workforce Investment Act Cluster					
WIOA - Adult Programs	17.258	\$ 428,104	\$ -	\$ 344,412	\$ 428,104
WIOA - Youth Programs	17.259	367,709	-	129,006	367,709
WIOA - Dislocated Workers	17.278	583,889	-	337,043	583,889
Total Workforce Investment Act Cluster		<u>1,379,702</u>	<u>-</u>	<u>810,461</u>	<u>1,379,702</u>
Employment Training Administration					
Worker	17.277	49,545	-	39,545	49,545
Program	17.235	-	-	-	-
Total U.S. Department of Labor		<u>1,429,247</u>	<u>-</u>	<u>850,006</u>	<u>1,429,247</u>
Federal Programs:					
U.S. Department of Health and Human Services:					
Passed through N.C. Department of Health and Human Services					
Division of Aging and Adult Services					
Aging Cluster					
Title III - C1 / Congregate Nutrition	93.045	91,206	5,365	96,571	96,571
Title III - C1/ Congregate Nutrition - Families	93.045	35,667	-	35,667	35,667
CARES Title III - C1 / Congregate Nutrition	93.045	67,228	-	67,228	67,228
Title III - C2 / Home Delivered Meals	93.045	572,189	33,658	605,847	605,847
Title III - C2 / Home Delivered Meals - Famil	93.045	56,928	-	56,928	56,928
CARES Title III - C2 / Home Delivered Meals	93.045	171,683	-	171,683	171,683
Title III - C1 / Planning and Administrative	93.045	75,028	4,112	-	79,140
CARES Title III - C1 / Planning and Adminstr	93.045	47,102	-	-	47,102
Title III - B / In Home Support Services	93.044	88,873	5,228	94,101	94,101
CARES Title III - B / In Home Support Servic	93.044	155,787	-	155,787	155,787
Title III - B / Legal Services	93.044	8,639	508	9,147	9,147
CARES - Title III - B / Legal Services	93.044	7,348	-	7,348	7,348
Title III - B / Ombudsman	93.044	6,635	390	7,025	7,025
CARES - Title III - B / Ombudsman	93.044	14,181	-	14,181	14,181
Title III - B / Access	93.044	48,838	2,873	51,711	51,711
CARES - Title III - B / Access	93.044	1,744	-	1,744	1,744
Title III - B / Planning and Administrative	93.044	43,325	2,374	120,918	45,699
Nutrition Services Incentive Program (NSIP)	93.053	120,918	-	-	120,918
Total Aging Cluster		<u>1,613,319</u>	<u>54,508</u>	<u>1,495,886</u>	<u>1,667,827</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS, INC.
HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-Through	Federal CFDA	Federal Expenditures	State Expenditures	Pass-through to Subrecipients	Total Expenditures
Grantor/Program	<u>Number</u>				
Title VII - E / Ombudsman	93.042	53,173	3,128	56,301	56,301
Title VII - B / Elder Abuse	93.041	3,555	209	3,764	3,764
Title III - D / Disease Prevention and Health Prc	93.043	20,856	1,227	-	22,083
Title III - E / Family Caregiver	93.052	122,789	8,186	-	130,975
CARES - Title III - E / Family Caregiver	93.052	47,847	-	-	47,847
Title III - E / Planning and Administrative	93.052	28,214	1,546	-	29,760
Lifespan Respite Care Program	93.072	141,582	-	-	141,582
Medicare Improvements for Patients & Provider	93.071	11,735	-	-	11,735
Social Services Block Grant (SSBG)	93.667	47,651	1,361	-	49,012
MFP Rebalancing Demonstration	93.791	330	-	-	330
90% State Funds Ombudsman	N/A	-	26,420	26,420	26,420
90% State Funds Access	N/A	-	7,641	7,641	7,641
90% State Funds In-Home Services	N/A	-	641,032	641,032	641,032
90% State Funds Home-Delivered Meals	N/A	-	260,208	260,208	260,208
		-	935,301	935,301	935,301
AAA Administration	N/A	-	48,262	-	48,262
Senior Center General Purpose Funding	N/A	-	42,060	42,060	42,060
Fan/Health Program	N/A	-	1,061	1,061	1,061
		-	91,383	43,121	91,383
Total U.S. Department of Health and Human Services		2,091,051	1,096,849	2,534,373	3,140,053
U.S. Department of Commerce:					
Direct Program:					
Economic Development Administration	11.303	35,000	-	-	35,000
Economic Development Administration	11.302	38,007	-	-	38,007
CARES - Economic Adjustment Assistance	11.307	200,000	-	-	200,000
Total U.S. Department of Commerce		273,007	-	-	273,007
Direct Program:					
LDD Administrative Grant	23.009	85,600	-	-	85,600
Passed through N.C. Department of Administration					
Housing, Water Quality & Technical Assistance	23.011	27,500	-	-	27,500
		27,500	-	-	27,500
Total Appalachian Regional Commission		113,100	-	-	113,100
Total U.S. Department of Commerce		386,107	-	-	386,107
NC Division of Environmental Quality					
DENRJ205 Winkler Creek	66.454	13,332	-	-	13,332
DENRJ205 Burnsville	66.454	3,230	-	-	3,230
Total U.S. Department of Environmental Quality		16,562	-	-	16,562

HIGH COUNTRY COUNCIL OF GOVERNMENTS, INC.
HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Federal Expenditures	State Expenditures	Pass-through to Subrecipients	Total Expenditures
U.S. Department of Transportation					
Pass-through N.C. Dept. of Transportation					
RPO Transportation Planning Grant	20.505	127,650	-	-	127,650
Total N.C. Dept. of Transportation		127,650	-	-	127,650
Total Federal and State Award Programs		\$ 4,050,617	\$ 1,096,849	\$ 3,384,379	\$ 5,099,619

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

1 Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the High Country Council of Governments under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of High Country Council of Governments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of High Country Council of Governments.

2 Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

High Country Council of Governments has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3 Clusters of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Aging Cluster.