

ANNUAL FINANCIAL REPORT

**HIGH
COUNTRY**

Council of Governments

FOR YEAR ENDED - JUNE 30, 2022

**HIGH COUNTRY COUNCIL OF GOVERNMENTS, INC.
BOONE, NORTH CAROLINA**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

High Country Council of Governments
Boone, North Carolina
Board of Directors
 June 30, 2022

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

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**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 Audit of 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, 2022, 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.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the High Country Council of Governments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the High Country Council of Governments' ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that , individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 High Country Council of Governments' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the High Country Council of Governments' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 12, the Local Government Employees' Retirement System Schedules of the Council's Proportionate Share of the Net Pension (Asset) Liability and Council Contributions and the Schedule of Changes in Total OPEB Liability on pages 35 through 37, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the High Country Council of Governments' basic financial statements. The combining and individual fund financial statements, budgetary schedules, 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 and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. 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 10/28/22 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of High Country Council of Governments' 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 Carolina County's internal control over financial reporting and compliance.

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

Whiteville, NC

October 28, 2022

HIGH COUNTRY COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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, 2022. 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 \$1,754,813.

The Council's total net position increased by \$302,225.

As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,889,108, an increase of \$286,628 in comparison with the prior year. Approximately 68.82% of this combined balance, or \$1,300,138 is unassigned, meaning available for spending at the Council's discretion.

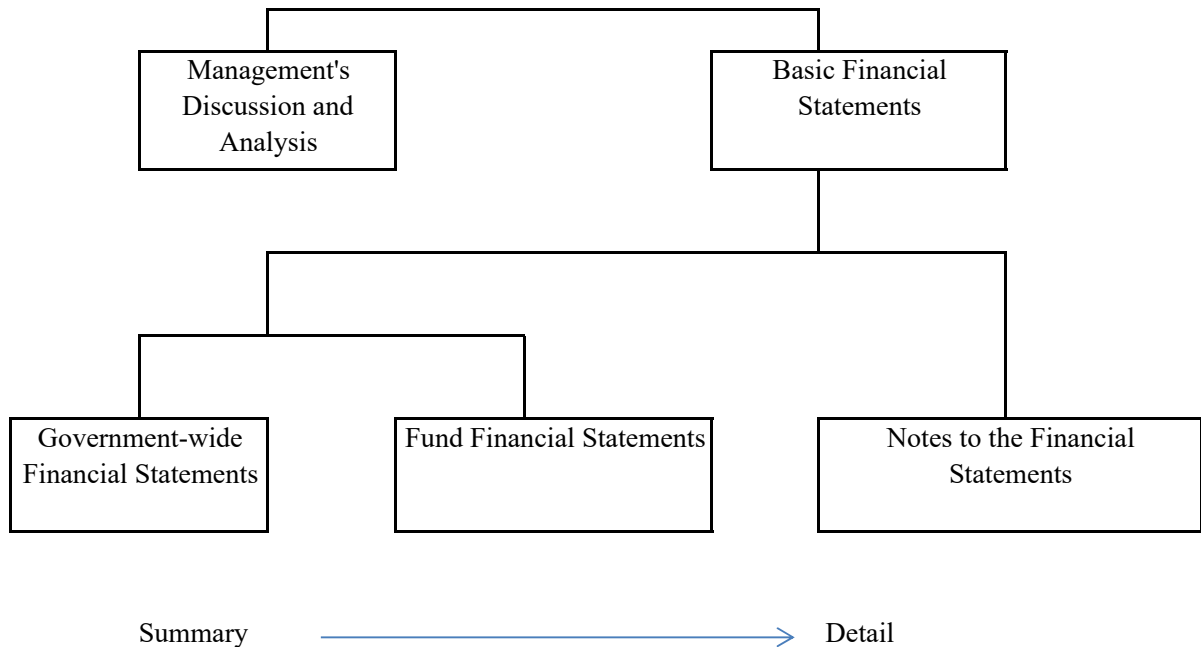
At the end of the current fiscal year, combined restricted fund balances totaled \$71,514.

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

Table A-1

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 2,470,280	\$ 2,271,196
Capital assets and Right to use asstes	<u>1,084,674</u>	<u>1,135,563</u>
Total assets	<u>3,554,954</u>	<u>3,406,759</u>
Total deferred outflows of resources	430,775	352,773
Current Liabilities	652,033	755,423
Long-Term Liabilities Outstanding	<u>1,143,392</u>	<u>1,495,112</u>
Total liabilities	<u>1,795,424</u>	<u>2,250,535</u>
Total deferred inflows of resources	435,492	56,409
Net position:		
Net investment in capital assets	380,645	388,772
Restricted	71,514	360,862
Unrestricted	<u>1,302,654</u>	<u>702,954</u>
Total Net Position	<u>\$ 1,754,813</u>	<u>\$ 1,452,588</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 \$1,754,813 as of June 30, 2022. The Council's net position increased by \$302,225 for the fiscal year ended June 30, 2022. Approximately 21.69% 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 (4.08%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,302,655 representing 74.23% 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	
	2022	2021
Revenues:		
Program revenues:		
Intergovernmental Revenues	\$ 5,968,261	\$ 5,562,055
General revenues:		
Local Government Dues	229,293	191,265
Other General Revenues	20,142	29,542
Unrestricted Investment Earnings	2,212	210
Total Revenues	6,219,908	5,783,072
Expenses:		
Governmental activities:		
General Government	190,749	188,064
Transportation	159,817	159,563
Workforce Development	1,621,819	1,456,281
Economic and Community Development	812,523	660,566
Human Services	3,132,776	3,222,089
Total Expenses	5,917,684	5,686,563
Increase in Net Position	302,226	96,509
Net position, July 1	1,452,588	1,359,923
Net position, June 30	\$ 1,754,814	\$ 1,452,588

Governmental Activities. Governmental activities increased the Council's fund balances by \$302,225. The 2021-2022 expenditures of operating grants and related revenues decreased in the Human Services department. General, Transportation, Workforce Development, Economic and Community Development 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 \$1,300,138 while total fund balance was \$1,446,652. 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 21.57% of total General and Special Revenue Fund expenditures and transfers.

As of June 30, 2022, the governmental funds of the Council reported a total combined fund balance of \$1,889,108, representing an increase of \$286,628 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 \$715,406.

Capital Asset and Debt Administration

Capital assets. The Council’s investment in capital assets for its governmental activities as of June 30, 2022, totals \$1,044,224 (net of accumulated depreciation). These assets include building, equipment and vehicles.

**The Council's Capital Assets
Figure 4**

	Governmental Activities	
	2022	2021
Land	\$ 522,720	\$ 522,720
Council Building	503,278	578,049
Council Equipment	18,226	34,794
Total (net of accumulated depreciation)	<u>\$ 1,044,224</u>	<u>\$ 1,135,563</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, 2023

The proposed budget for the High Country Council of Governments’ 2022-2023 fiscal year is \$6,811,162.

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

The High Country Council of Governments serves as the administrative/fiscal agent for Workforce Innovation and Opportunity Act (WIOA) funded programs and services via the Workforce Development department. The WIOA formula funding is provided by the United States 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 educational and employment goals through career center services including assessments, classroom training, work experiences, supportive services case management, job search assistance, placement service, and employment follow up services.

The High Country Workforce Development Board (HCWDB) will be working to increase work- based learning and incumbent worker training by administering \$42,000 in grants for businesses/industries to retrain and upskill their workforce. HCWDB also will administer \$89,000 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 administering the Finish Line grant program, which provides financial support to eligible community college students facing barriers that may impede their efforts to obtain a degree or certification. HCWDB will have \$131,137 available for grants to eligible students. The HCWDB will continue to administer federal funding to promote and establish work- based learning initiatives that will help develop a qualified skilled workforce to meet the needs of business and industry.

Area Agency on Aging

The High Country's Area Agency on Aging (AAA) administers the Long-Term Care Ombudsman Program, Family Caregiver Support Programs, health promotion and disease prevention classes, administrative support for the North Carolina Senior Tar Heel Legislature/Aging Advisory Committee, the North Carolina Lifespan Respite Project, and many additional 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, as well as monitoring their expenditure of funds and service delivery to ensure that all spending follows program requirements.

The AAA will continue administering the North Carolina Lifespan Respite Project as part of three- year grant awarded again to the North Carolina Division of Aging and Adult Services (NCDAAS). The AAA has administered this program during previous grant cycles and will continue to do so with approximately \$188,417 for Fiscal Year 2023. 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 as well as other services and supports to family caregivers. The FCSP program allows for flexibility in services, providing caregivers with various types of supports such as incontinence supplies, nutritional supplements, as well as home safety modifications and repairs.

Planning and Development

The Planning and Development department is supported by funding from the Appalachian Regional Commission (ARC), Economic Development Administration (EDA), NC Department of Transportation (NCDOT), member government dues, which match the federal funds, 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 funding for Fiscal Year 2023 is estimated at \$360,000. Contractual revenue consists primarily of grant administration and GIS services.

The GIS Program comprises \$160,000 of the \$360,000 budget in contractual revenue. Most GIS projects are based on lump-sum contracts. Other projects are charged by the hour. For Fiscal Year 2023, the rate for GIS services remains unchanged at \$60/hour.

The Planning and Development department administers the Rural Transportation Planning Organization. The NCDOT funding for the RPO for FYE 2023 is \$127,650, with a local match requirement of \$31,913.

General Fund and Indirect Cost

This year's proposed budget includes \$24,600 in revenue from the lease of HCCOG office's Suite B and \$56,376 additional local funds as part of a planned three-year phased-in increase to meet the local match required by some of our federal grants. Total match needed for Fiscal Year 2023 totals \$262,225. Revenues and expenditures are conservatively balanced. The indirect cost rate is 50%. The staffing level projected for the coming fiscal year is 22 full-time employees.

The HCCOG office building has seven (7) remaining years on the term with an interest rate of 4.19%. The debt service for the building will include \$113,021 in combined principal and interest payment for Fiscal Year 2023.

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 as well as a pay study for the purpose of establishing a pay scale for each of the High Country Council of Governments' 22 employees.

Budget Highlights

Expenditures:

- A cost of living adjustment of 5% is proposed for all employees.
- The fringe rate (employee benefits) is 42%. Matching contributions to the Local Government Retirement System has increased from 11.35% to 12.1%.
- 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 \$24,600.
- Local match will increase for year two of the three-year planned phase-in to meet local matching requirements.
- Workforce Development budget includes roughly \$423,000 in special grant funds such as the Finish Line and the National Dislocated Worker grant programs.
- The Planning and Development department contractual revenue includes an estimated \$160,000 in revenue for GIS services. The rate for GIS services is budgeted at the same \$60 per hour rate.
- AAA revenues include a special allocation of \$54,714 for senior center supplemental nutrition services.

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, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,657,004
Accounts receivable	8,363
Grants receivable	804,913
Total Current Assets	<u>2,470,280</u>
Noncurrent assets:	
Capital assets, net of depreciation	1,044,224
Right to use leased assets, net of amortization	40,450
Total Noncurrent Assets	<u>1,084,674</u>
Total Assets	<u>3,554,954</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>430,775</u>
LIABILITIES	
Current liabilities:	
Accounts Payable	492,366
Current Portion of Long-Term Liabilities	159,667
Total current liabilities	<u>652,033</u>
Long-term liabilities:	
Accrued Leave	39,191
Net OPEB Liability	286,008
Net Pension Liability	234,640
Due in more than one year	583,553
Total Long-Term Liabilities	<u>1,143,392</u>
Total Liabilities	<u>1,795,424</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>435,492</u>
NET POSITION	
Net investment in capital assets	380,645
Restricted for:	
Stabilization by State Statute	71,514
Unrestricted	1,302,654
Total Net Position	<u>\$ 1,754,813</u>

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

HIGH COUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

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	\$ 812,523	\$ -	\$ 1,031,782	\$ 219,259
Human Services	3,132,776	-	3,138,430	5,654
Workforce Development	1,621,819	-	1,638,486	16,667
Transportation	159,817	-	159,563	(254)
Local Activities	190,749	-	-	(190,749)
Total governmental activities	\$ 5,917,684	\$ -	\$ 5,968,261	50,577
General revenues:				
Local government dues and participant fees				229,293
Unrestricted investment earnings				2,212
Miscellaneous				20,142
Total general revenues				251,647
Change in net position				302,225
Net position, beginning				1,452,588
Net position, ending				\$ 1,754,813

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, 2022

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
ASSETS			
Cash and cash equivalents	\$ 1,415,827	\$ 241,177	\$ 1,657,004
Accounts Receivable - Other	8,363	804,913	813,276
Due from other Funds	63,151	-	63,151
Total assets	<u>\$ 1,487,341</u>	<u>\$ 1,046,090</u>	<u>\$ 2,533,431</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 23,873	\$ 453,677	\$ 477,550
Due to Other Funds	-	63,151	63,151
Other Accrued Expenses	14,816	-	14,816
Total liabilities	<u>38,689</u>	<u>516,828</u>	<u>555,517</u>
DEFERRED INFLOWS OF RESOURCES	2,000	86,805	88,805
Fund balances:			
Restricted:			
Stabilization by State Statute	71,514	-	71,514
Assigned:			
Special Revenue Funds	-	442,457	442,457
Appropriated for Subsequent years	75,000	-	75,000
Unassigned:	1,300,138	-	1,300,138
Total fund balances	<u>1,446,651</u>	<u>442,457</u>	<u>1,889,108</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,487,340</u>	<u>\$ 1,046,090</u>	<u>\$ 2,533,430</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
BALANCE SHEET
For the Year Ended June 30, 2022

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

Total Fund Balance	\$	1,889,108
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>(1,077,229)</u>	
Capital assets, net		1,044,224
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets at historical cost	94,306	
Accumulated amortization	<u>(53,856)</u>	
		40,450
Deferred outflows of resources related to pensions are not reported in the funds		354,266
Deferred outflows of resources related to OPEB are not reported in the funds		76,509
Deferred inflows of resources related to pensions are not reported in the funds		(341,717)
Deferred inflows of resources related to OPEB are not reported in the funds		(4,970)
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	(78,381)	
Net Pension Asset (Liability)	(234,640)	
Total OPEB Liability	(286,008)	
Installment Purchase Agreement	(663,474)	
Lease Liabilities	<u>(40,555)</u>	
Total long-term liabilities		<u>(1,303,058)</u>
Net Position of Governmental Activities	\$	<u><u>1,754,813</u></u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Major Funds		
	General	Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal funds	\$ -	\$ 5,140,707	\$ 5,140,707
State Funds	-	202,712	202,712
Local Funds	-	624,842	624,842
General:			
Miscellaneous	20,142	-	20,142
Interest	2,212	-	2,212
Local Activities	229,293	-	229,293
Total revenues	<u>251,647</u>	<u>5,968,261</u>	<u>6,219,908</u>
EXPENDITURES			
Transportation	-	159,563	159,563
Economic Development	-	811,805	811,805
Health and Human Services	-	3,135,311	3,135,311
Workforce Development	-	1,717,353	1,717,353
Local Activities	203,554	-	203,554
Total expenditures	<u>203,554</u>	<u>5,824,032</u>	<u>6,027,586</u>
OTHER FINANCING SOURCES (USES)			
Lease Liabilities Issued	15,437	78,869	94,306
Total Other Financing Sources (Uses)	<u>15,437</u>	<u>78,869</u>	<u>94,306</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	63,530	223,098	286,628
Fund balances, beginning	<u>1,383,121</u>	<u>219,359</u>	<u>1,602,480</u>
Fund balances, ending	<u>\$ 1,446,651</u>	<u>\$ 442,457</u>	<u>\$ 1,889,108</u>

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

HIGH COUNTRY COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds		\$ 286,628
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Governmental funds report capital outlays as expenditures. However, in the Statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Depreciation expense for governmental assets	(91,339)	
Capital outlay expenditures which were capitalized	<u>-</u>	(91,339)

Right to use leased asset capital outlay expenditures which were capitalized	94,306	
Amortization expense for intangible assets	<u>(53,856)</u>	40,450

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		125,863
--	--	---------

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		19,995
--	--	--------

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		137,068
New long-term debt issued		(94,306)

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	(23,857)	
Pension Expense	(102,879)	
Compensated absences	<u>4,601</u>	

Total changes in net position of governmental activities		<u>\$ 302,225</u>
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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, 2022

	General Fund			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal and State grants	\$ -	\$ -	\$ -	\$ -
State Funds	-	-	-	-
Local Funds	-	-	-	-
General:				
Miscellaneous	62,817	40,017	20,142	(19,875)
Local Activities	205,849	228,649	229,293	644
Interest	300	300	2,212	1,912
Total Revenues	<u>268,966</u>	<u>268,966</u>	<u>251,647</u>	<u>(17,319)</u>
EXPENDITURES				
Transportation	-	-	-	-
Economic and Community Development	-	-	-	-
Human Services	-	-	-	-
Workforce Development	-	-	-	-
Local Activities	268,966	268,966	203,554	65,412
Total Expenditures	<u>268,966</u>	<u>268,966</u>	<u>203,554</u>	<u>65,412</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>48,093</u>	<u>48,093</u>
OTHER FINANCING SOURCES (USES)				
Lease Liabilities Issued	-	-	15,437	15,437
Fund Balance Appropriated	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>15,437</u>	<u>15,437</u>
Net Change in Fund Balance	\$ -	\$ -	63,530	\$ 63,530
Fund Balance, Beginning			1,383,121	
Fund Balance, Ending			<u>1,446,651</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, 2022

	Special Revenue			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal Funds	\$ 6,483,674	\$ 6,991,861	\$ 5,140,707	\$ (1,851,154)
State Funds	91,622	281,547	202,712	(78,835)
Local Funds	348,766	366,060	624,842	258,782
Total Revenues	<u>6,924,062</u>	<u>7,639,468</u>	<u>5,968,261</u>	<u>(1,671,207)</u>
EXPENDITURES				
Transportation	159,563	159,563	159,563	-
Economic and Community Development	664,660	1,470,215	811,805	658,410
Human Services	3,136,489	3,275,856	3,135,311	140,545
Workforce Development	2,963,350	2,733,834	1,717,353	1,016,481
Total Expenditures	<u>6,924,062</u>	<u>7,639,468</u>	<u>5,824,032</u>	<u>1,815,436</u>
Revenues Over (Under) Expenditures	-	-	144,229	144,229
OTHER FINANCING SOURCES (USES)				
Lease Liabilities Issued	-	-	78,869	78,869
Fund Balance Appropriated	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>78,869</u>	<u>78,869</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	223,098	<u>\$ 223,098</u>
Fund Balance, Beginning			219,359	
Fund Balance, Ending			<u>\$ 442,457</u>	

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

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.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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 unspent 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.

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, Deferred Outflows and Inflows of Resources, and Fund Equity

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 Government Portfolio is a 2a7 fund that invests in treasuries and government agencies and is rated AAAM by S+P and AAmf by Mood's Investor Services. The Government Portfolio is reported 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.

Receivables

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

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Right to Use Assets

The Council has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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.

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, 2022 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

Net position in government-wide 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.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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:

Restricted Fund Balance

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

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.

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.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Excess of Expenditures Over Appropriations

The Council adopted GASB 87, which requires that lease agreements be recorded on the fund statements. The Council did not adopt budget amendments to account for recording the lease obligations as of July 1, 2021. As a result, the Council reported the following overexpenditures in the Workforce Development Special Revenue Fund: Infrastructure - Workforce \$24,381.

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, 2022, the Council's deposits had a carrying amount of \$204,527 and a bank balance of \$447,494. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remaining \$197,494 was covered by collateral held under the Pooling Method. At June 30, 2022, the Council had no petty cash.

Investments

At June 30, 2022, the Council had \$1,452,477 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.

Grants Receivable

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		222,271
Human Services		430,591
Economic and Community Development		115,969
Transportation		36,081
Total Special Revenue Fund		804,913
Total Grants Receivable	\$	804,913

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Capital Assets

Capital asset activity for Council for the year ended June 30, 2022, 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	103,304	-	-	103,304
Total Capital assets being depreciated	1,598,733	-	-	1,598,733
Less accumulated depreciation for:				
Council Building	917,380	74,771	-	992,151
Council Equipment	68,510	16,568	-	85,078
Total accumulated depreciation	985,890	\$ 91,339	\$ -	1,077,229
Total capital assets being depreciated, net	612,843			521,504
Governmental activity capital assets, net	<u>\$ 1,135,563</u>			<u>\$ 1,044,224</u>

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

Local Activities	\$ 91,339
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Right to Use Asset

The Council has recorded two right to use leased assets. The assets are right to use assets for leased equipment and leased vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Right to use assets				
Leased Equipment	\$ -	\$ 15,437	\$ -	\$ 15,437
Leased Building	-	78,869	-	78,869
Total right to use assets	-	94,306	-	94,306
Less accumulated amortization for:				
Leased Equipment		4,044	-	4,044
Leased Building		49,812	-	49,812
Total accumulated amortization	-	53,856	-	53,856
Right to use assets, net	<u>\$ -</u>	<u>\$ 40,450</u>	<u>\$ -</u>	<u>\$ 40,450</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

LIABILITY

Pension Plan and Postemployment Obligation

a. 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, 2022, was 11.35% 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 \$125,863 for the year ended June 30, 2022.

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, 2022, the Council reported a liability of \$234,640 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022, the Council's proportion was 0.0153% (measured as of June 30, 2021), which was an increase of 0.0019% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

For the year ended June 30, 2022, the Council recognized pension expense of \$102,879 at June 30, 2022, 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	\$ 74,647	\$ -
Changes in assumptions	147,414	-
Net difference between projected and actual earnings on pension plan investments	-	335,230
Changes in proportion and differences between Council Contributions and proportionate share of contributions	6,342	6,487
Council contributions subsequent to the measurement date	125,863	-
Total	\$ 354,266	\$ 341,717

\$125,863 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2023	\$	22,950
2024		(8,261)
2025		(25,420)
2026		(102,583)
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent	
Salary Increases	3.25 to 8.25 Percent, which includes a 3.25% inflation and productivity factor.	
Investment Rate of Return	6.50 percent, net of pension plan investment expense, including inflation	

The plan actuary uses mortality tables that vary by age, gender, employee group (i.e. general and 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 mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

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

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, 2022 are summarized in the following table:

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

<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	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 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 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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.

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 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate	1% Increase (7.50%)
Council's proportionate share of the net pension liability (asset)	\$ 910,854	\$ 234,640	\$ (321,844)

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.

b. 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 2022 and 2021 were \$40,702 and \$38,906, respectively.

c. 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, 2022

Membership of the HCB Plan consisted of the following at June 30, 2021, 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 \$286,008 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 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	3.25-8.41%, including inflation	
Discount rate	2.16%	
Healthcare cost trend rates	N/A	

The discount rate is based on the yield of the Bond Buyer 20-year General Obligation Bond Index as of the measurement date.

Changes in the Total OPEB Liability

Balance at July 1, 2021	\$	250,202
Changes for the year		
Service cost		3,930
Interest		5,516
Changes of benefit terms		-
Differences between expected and actual experience		16,181
Changes in assumptions or other inputs		19,318
Benefit payments		(9,139)
Net changes		35,806
Balance at June 30, 2022	\$	286,008

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease	Discount Rate (2.16%)	1% Increase
Total OPEB Liability	\$ 318,323	\$ 286,008	\$ 257,943

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

For the year ended June 30, 2022, the Council recognized OPEB expense of \$23,857. At June 30, 2022, the Concil 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	\$ 18,784	\$ 846
Changes of assumptions	37,730	4,124
Benefit payments and administrative costs made subsequent to the measurement date	19,995	-
Total	\$ 76,509	\$ 4,970

\$19,995 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent of 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:	
2023	\$ 14,569
2024	16,708
2025	14,745
2026	5,522
2027	-
Thereafter	-

Long-Term Obligation

a. Leases

The Council has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On 07/01/2021, High Country Council of Governments entered into a 28 month lease as Lessee for the use of Sharp Digital Copier. An initial lease liability was recorded in the amount of \$6,183. As of 06/30/2022, the value of the lease liability is \$3,541. High Country Council of Governments, NC is required to make monthly fixed payments of \$222. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$6,183 with accumulated amortization of \$2,644 is included with Equipment on the Right to Use Asset schedule.

On 09/15/2021, High Country Council of Governments entered into a 63 month lease as Lessee for the use of Mailing System. An initial lease liability was recorded in the amount of \$9,254. As of 06/30/2022, the value of the lease liability is \$7,895. High Country Council of Governments, NC is required to make quarterly fixed payments of \$475. The lease has an interest rate of 0.9950%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$9,254 with accumulated amortization of \$1,400 is included with Equipment on the Right to Use Asset schedule.

On 07/01/2021, High Country Council of Governments entered into a 19 month lease as Lessee for the use of 1320 Suite 2 West D Street. An initial lease liability was recorded in the amount of \$78,869. As of 06/30/2022, the value of the lease liability is \$29,119. High Country Council of Governments, NC is required to make monthly fixed payments of \$4,167. The lease has an interest rate of 0.5140%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$78,869 with accumulated amortization of \$49,812 is included with Buildings on the Right to Use Asset schedule. High Country Council of Governments, NC has 1 extension option(s), each for 60 months.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 33,600	\$ 134	\$ 33,734
2024	2,734	54	2,788
2025	1,864	35	1,899
2026	1,883	16	1,899
2027	474	1	475
	<u>\$ 40,555</u>	<u>\$ 240</u>	<u>\$ 40,795</u>

b. Installment Purchase

High Country Council of Government has \$663,474 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.

Annual payments of the installment purchase as of June 30, 2022, including \$99,393 of interest, are as follows:

<u>Schedule of future debt service:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	102,698	10,323	113,021
2028-2031	190,366	7,397	197,763
	<u>\$ 663,474</u>	<u>\$ 99,393</u>	<u>\$ 762,867</u>

c. Change in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Included in long term debt					
Direct Placement Installment Purchase	\$ 746,791	\$ -	\$ 83,317	\$ 663,474	\$ 86,876
Lease Liabilities	-	94,306	53,751	40,555	33,600
Total OPEB Liability	250,202	35,806	-	286,008	-
Net Pension Liability	539,945	-	305,305	234,640	-
Compensated absences	82,982	-	4,601	78,381	39,191
	<u>\$ 1,619,920</u>	<u>\$ 130,112</u>	<u>\$ 446,974</u>	<u>\$ 1,303,058</u>	<u>\$ 159,667</u>

NOTE D - NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental</u>
Capital Assets	\$ 1,044,224
Right to Use Assets	40,450
less: Long-term Debt	704,029
	<u>\$ 380,645</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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 - General Fund	\$ 1,446,651
Less:	
Stabilized by State Statute	71,514
Assigned Fund Balance	75,000
Remaining fund balance	<u>\$ 1,300,137</u>

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, 2022, 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	\$ 125,863
Contributions to OPEB plan in current fiscal year	19,995
Differences between expected and actual experience	
Pension	74,647
OPEB	18,784
Changes in assumptions	
Pension	147,414
OPEB	37,730
Changes in proportion and differences between Council Contributions and proportionate share of contributions	
Pension	6,342
Total	<u>\$ 430,775</u>

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

Per capita assessment not yet earned (General)	\$ 2,000
Grants not yet earned (Special Revenue)	86,805
Pension deferrals	341,717
OPEB deferrals	4,970
Total	<u>\$ 435,492</u>

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.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022, 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 Council 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 NINE FISCAL YEARS ***

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Council's proportion of the net pension liability (asset) (%)	0.0153%	0.0151%	0.0145%	0.0157%	0.0137%
Council's proportion of the net pension liability (asset) (\$)	\$ 234,640	\$ 539,945	\$ 394,891	\$ 372,458	\$ 209,756
Council's covered payroll	\$ 1,075,395	\$ 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	21.82%	52.76%	41.18%	39.40%	23.07%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	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 NINE FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 125,863	\$ 109,153	\$ 91,557	\$ 73,510	\$ 70,806
Contributions in relation to the contractually required contribution	<u>\$ 125,863</u>	<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>	<u>\$ -</u>
Commission's covered payroll	\$ 1,108,925	\$ 1,075,395	\$ 1,023,463	\$ 958,834	\$ 945,443
Contributions as a percentage of covered payroll	11.35%	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
LAST FIVE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 3,930	\$ 2,649	\$ 2,370	\$ 2,503	\$ 2,805
Interest	5,516	7,694	7,716	7,472	6,840
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	16,181	(863)	14,356	(598)	(740)
Changes of assumptions	19,318	30,667	8,460	(6,734)	(12,344)
Benefit payments	(9,139)	(14,151)	(13,950)	(14,413)	(13,488)
Net change in total OPEB liability	<u>35,806</u>	<u>25,996</u>	<u>18,952</u>	<u>(11,770)</u>	<u>(16,927)</u>
Total OPEB liability - beginning	<u>250,202</u>	<u>224,206</u>	<u>205,254</u>	<u>217,024</u>	<u>233,951</u>
Total OPEB liability - ending	<u>\$ 286,008</u>	<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*	N/A*
Total OPEB liability as a percentage of covered payroll	N/A*	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%
2021	2.16%

SUPPLEMENTARY INFORMATION

HIGH COUNTRY COUNCIL OF GOVERNMENTS
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Local Administration	\$ 268,966	\$ 203,554	\$ 65,412
	<u>268,966</u>	<u>203,554</u>	<u>65,412</u>
Economic and Community Development			
Technical Assistance, Administration, and Special Projects	1,470,215	811,805	658,410
	<u>1,470,215</u>	<u>811,805</u>	<u>658,410</u>
Human Services			
Block Grant, P&A, Ombudsman, Caregiver, and Other	3,275,856	3,135,311	140,545
	<u>3,275,856</u>	<u>3,135,311</u>	<u>140,545</u>
Transportation			
RPO Planning	159,563	159,563	-
	<u>159,563</u>	<u>159,563</u>	<u>-</u>
Workforce Development			
COVID-19 Dislocated Worker	125,455	21,238	104,217
Workforce Development Act 4010	160,641	120,654	39,987
Workforce Development Act 4020	636,551	435,713	200,838
Workforce Development Act 4030	521,623	333,657	187,966
Workforce Development Act 4040	801,830	468,051	333,779
Workforce Development Act - Pathways	26,369	26,369	-
Finish Line	181,103	59,173	121,930
Enhancement	91,713	39,568	52,145
Infrastructure - Workforce	188,549	212,930	(24,381)
Administration, Wilkes Community College, Mayland Community College	2,733,834	1,717,353	1,016,481
	<u>2,733,834</u>	<u>1,717,353</u>	<u>1,016,481</u>
Total Program Expenditures	<u>\$ 7,908,434</u>	<u>\$ 6,027,586</u>	<u>\$ 1,880,848</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS
 For the Year Ended June 30, 2022

			2022	
			<u>FY Budget Cost</u>	
Total Annual Salaries		\$	1,102,186	
FICA			84,317	
LGERS Retirement			124,792	
Supplemental Retirement			40,804	
Group Insurance			146,192	
Other Post Employment Benefits			15,000	
Longevity			17,353	
Annual Leave			5,000	
Workers Comp			3,629	
Unemployment Insurance			5,460	
Total Fringe Benefits		\$	<u>442,547</u>	
	<u>Total Fringe Benefits</u>	=	<u>442,547</u>	=
	Total Annual Salaries	=	\$ 1,102,186	=
				40%
			Total Annual Salaries	\$ 1,102,186
			Total Fringe Benefits	442,547
			<u>Total Personnel Costs</u>	<u>\$ 1,544,733</u>

HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
For the Year Ended June 30, 2022

		<u>2022</u> <u>FY Budget Cost</u>
Total Indirect Annual Salaries	\$	277,195
Total Indirect Fringe Benefits		110,878
Professional Services		50,950
Travel		18,000
Occupancy Costs		134,571
Operating Expense		52,500
Total Indirect Expenditures	\$	<u>644,094</u>
Total Personnel Costs	1,544,733	
Less: Total Indirect Salaries	(277,195)	
Less: Total Indirect Fringe Benefits	<u>(110,878)</u>	
Total Direct Salaries and Direct Fringe Benefits		<u>\$ 1,156,660</u>

Indirect Rate Calculation

$$\frac{\text{Total Indirect Expenditures } 644,094}{\text{Total Direct Salaries and Direct Fringe Benefits } 1,156,660} = 56\%$$



COMPLIANCE SECTION



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**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***

Independent Auditors' Report

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of High Country Council of Governments, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises High Country Council of Governments' basic financial statements, and have issued our report thereon dated 10/28/2022.

Report on 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) as a basis for designing 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 High Country Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 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.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether High Country Council of Governments' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement. 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 matters⁶ that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 28, 2022



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

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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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited High Country Council of Governments, North Carolina, 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 the High Country Council of Governments' major federal programs for the year ended June 30, 2022. 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.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of High Country Council of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of High Country Council of Governments' compliance with the compliance requirements referred to above.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to High Country Council of Governments federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on High Country Council of Governments' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about High Country Council of Governments' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding High Country Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of High Country Council of Governments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 High Country Council of Governments' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 28, 2022



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**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**

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the High Country Council of Governments, North Carolina, 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 State programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Program

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 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of High Country Council of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of High Country Council of Governments' compliance with the compliance requirements referred to above.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to High Country Council of Governments State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on High Country Council of Governments' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about High Country Council of Governments' compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding High Country Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of High Country Council of Governments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 High Country Council of Governments' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 28, 2022

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
BOONE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 X No

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material 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 federal programs: Unmodified.

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Workforce Investment Act Cluster
17.258	WIOA - Adult Programs
17.259	WIOA - Youth Activities
17.278	WIOA - Dislocated Workers
	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)

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
BOONE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I. Summary of Auditor's Results (continued)

State Awards

Internal control over major State 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 State programs: Unmodified.

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

Identification of major State programs:

Program Name

90% State Funds Ombudsman

90% State Funds Access

90% State Funds In-Home Services

90% State Funds In-Congregated Meals

90% State Funds Home-Delivered Meals

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.

Todd McNeill
Chair of the Board

Doug Matheson
Vice-Chair



Dennis Aldridge
Secretary

Larry Fontaine
Treasurer

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CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2022

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.

The High Country Council of Governments will be the leader in initiating and providing solutions to regional and local challenges, supporting a bright future for the High Country.

HIGH COUNTRY COUNCIL OF GOVERNMENTS
BOONE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022

None noted.

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-Through <u>Grantor/Program</u>	Federal Assistance <u>Listing No.</u>	Federal <u>Expenditures</u>	State <u>Expenditures</u>	Pass-through to <u>Subrecipients</u>
<u>Federal Awards:</u>				
<u>U.S Department of Labor:</u>				
Passed through N. C. Department of Commerce				
Division of Workforce Solutions				
Workforce Investment Act Cluster				
WIOA - Adult Programs	17.258	\$ 480,823	\$ -	\$ 480,823
WIOA - Youth Programs	17.259	636,154	-	636,154
WIOA - Dislocated Workers	17.278	503,949	-	503,949
Total Workforce Investment Act Cluster		1,620,926	-	1,620,926
Employment Training Administration				
National Emergency Dislocated Worker	17.277	21,238	-	21,238
Total U.S. Department of Labor		1,642,164	-	1,642,164
<u>U.S. Department of Health and Human Services:</u>				
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	152,123	8,948	161,071
CARES Title III - C1 / Congregate Nutrition	93.045	3,969	-	3,969
Consolidated Appropriations Act / Congregate Nutrition	93.045	9,933	-	9,933
Title III - C2 / Home Delivered Meals	93.045	214,075	12,593	226,668
Title III - C2 / Home Delivered Meals - Families First	93.045	31,306	-	31,306
CARES Title III - C2 / Home Delivered Meals	93.045	82,953	-	82,953
Consolidated Appropriations Act / Home Delivered Meals	93.045	51,785	-	51,785
Title III - C1 / Planning and Administrative	93.045	77,342	4,238	-
CARES Title III - C1 / Planning and Administrative	93.045	20,189	-	-
Title III - B / In Home Support Services	93.044	229,189	13,482	242,671
CARES Title III - B / In Home Support Services	93.044	44,973	-	44,973
Title III - B / Legal Services	93.044	8,309	489	8,798
CARES - Title III - B / Legal Services	93.044	179	-	179
Title III - B / Ombudsman	93.044	68,214	4,013	72,227
CARES - Title III - B / Ombudsman	93.044	6,713	-	6,713
Title III - B / Access	93.044	47,751	2,809	50,560
Title III - B / Planning and Administrative	93.044	44,662	2,447	-
Nutrition Services Incentive Program (NSIP)	93.053	152,484	-	152,484
Total Aging Cluster		1,246,149	49,019	1,146,290
Title VII - E / Ombudsman	93.042	15,175	893	16,068
Title VII - B / Elder Abuse	93.041	3,419	201	3,620
Title III - D / Disease Prevention and Health Promotion	93.043	21,921	1,289	-
COVID Vaccine	93.048	16,705	-	-
Title III - E / Family Caregiver	93.052	148,549	9,903	-
CARES - Title III - E / Family Caregiver	93.052	42,355	-	-

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-Through <u>Grantor/Program</u>	Federal Assistance <u>Listing No.</u>	Federal <u>Expenditures</u>	State <u>Expenditures</u>	Pass-through to <u>Subrecipients</u>
Federal Awards:				
Title III - E / Planning and Administrative	93.052	29,085	1,594	-
Lifespan Respite Care Program	93.072	159,231	-	-
Medicare Improvements for Patients & Providers	93.071	13,243	-	-
Social Services Block Grant (SSBG)	93.667	127,134	3,632	-
MFP Rebalancing Demonstration	93.791	440	-	-
Total U.S. Department of Health and Human Services		1,823,406	66,531	1,165,978
<u>U.S. Department of Commerce:</u>				
Direct Program:				
Economic Development Administration	11.303	8,993	-	-
Economic Development Administration	11.302	29,167	-	-
CARES - Economic Adjustment Assistance	11.307	200,000	-	-
Total U.S. Department of Commerce		238,160	-	-
<u>Appalachian Regional Commission</u>				
Direct Program:				
LDD Administrative Grant	23.009	100,205	-	-
Passed through N.C. Department of Administration				
Housing, Water Quality & Technical Assistance	23.011	27,500	-	-
Total Appalachian Regional Commission		127,705	-	-
<u>U.S. Department of Transportation</u>				
Pass-through N.C. Dept. of Transportation				
RPO Transportation Planning Grant	20.505-8	127,650	-	-
Total N.C. Department of Transportation		127,650	-	-
Total Federal Awards		\$ 3,959,085	\$ 66,531	\$ 2,808,142
State Awards:				
<u>N.C. Department of Health and Human Services</u>				
90% State Funds Ombudsman	N/A	-	2,667	2,667
90% State Funds Access	N/A	-	19,305	1,935
90% State Funds In-Home Services	N/A	-	386,826	386,826
90% State Funds In-Congregated Meals	N/A	-	53,049	53,049
90% State Funds Home-Delivered Meals	N/A	-	614,347	614,347
AAA Administration	N/A	-	48,261	-
Senior Center General Purpose Funding	N/A	-	42,770	42,770
Fan/Health Program	N/A	-	1,061	1,061
Total N.C. Department of Health and Human Services		-	1,168,286	1,102,655
<u>N.C. Department of Environmental Quality</u>				
Stormwater Funding Program		-	110,792	-
Total U.S. Department of Environmental Quality		-	110,792	-
Total State Awards		\$ -	\$ 1,279,078	\$ 1,102,655
Total Federal and State Awards		\$ 3,959,085	\$ 1,345,609	\$ 3,910,797

**HIGH COUNTRY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Note 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, 2022. 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.

Note 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.

Note 3: Indirect Cost Rate

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

Note 4: 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.