

**LAND OF SKY REGIONAL
COUNCIL**

Financial Statements and
Compliance Report
For the Year Ended
June 30, 2020

LAND OF SKY REGIONAL COUNCIL

ASHEVILLE, NORTH CAROLINA

EXECUTIVE COMMITTEE AND BOARD OF DELEGATES

As of the Financial Statement Release Date

Executive Committee

<u>Office Position</u>	<u>Name</u>	<u>Area Position</u>
Chair	Barbara Volk	Mayor, Hendersonville
Vice-Chair	Patrick Fitzsimmons	Councilman, Weaverville
Secretary	Mike Hawkins	Chairman, Transylvania County
Treasurer	Norris Gentry	Commissioner, Madison County
Past Chair	Larry Harris	Alderman, Black Mountain
County Delegate	John Mitchell	Henderson County
Municipal Delegate	Albert Gooch	Commissioner, Flat Rock
Minority Representative	Preston Blakely	Councilman, Town of Fletcher

Board of Delegates

<u>Jurisdiction</u>	<u>Primary Delegate</u>	<u>Alternate Delegate</u>
Buncombe County	Robert Pressley	Timothy Love
Henderson County	Grady Hawkins	Larry Rogers
Madison County	Wayne Brigman	Matt Wechtel
Transylvania County	Mike Hawkins	Jason Chappell
Asheville	Sandra Kilgore	Antanette Mosley
Biltmore Forest	George Goosmann, III	Jonathan Kanipe
Black Mountain	Larry Harris	Maggie Tuttle
Brevard	Maureen Copelof	Mac Morrow
Flat Rock	Albert Gooch	Paige Posey
Fletcher	Preston Blakely	Mark Biberdorf
Hendersonville	Barbara Volk	Lindsey Simpson
Hot Springs	Abigail Norton	Aileen Payne
Laurel Park	Nancy McKinley	

LAND OF SKY REGIONAL COUNCIL

ASHEVILLE, NORTH CAROLINA

EXECUTIVE COMMITTEE AND BOARD OF DELEGATES

As of the Financial Statement Release Date (Continued)

Board of Delegates (Continued)

Jurisdiction

Mars Hill
Marshall
Mills River
Montreat
Rosman
Weaverville
Woodfin

Primary Delegate

John Chandler
Billie Jean Haynie
Brian Caskey
Tom Widmer
Brian Shelton
Patrick Fitzsimmons
Jerry Vehaun

Alternate Delegate

Nathan Bennett
Forrest Gilliam
Daniel Cobb
Bill Gilliland

Dottie Sherrill
Debbie Giezentanner

At-Large Delegates

Jurisdiction

Buncombe County
Henderson County
Madison County
Transylvania County

Primary Delegate

Vacant
John Mitchell
Terrey Dolan
Vacant

Economic Development Delegates

Jurisdiction

Buncombe County
Henderson County
Madison County
Transylvania County

Primary Delegate

George Morosani
Brittany Brady
Vacant
Josh Hallingse

Program Representative Delegates

Program

Aging

Primary Delegate

Bob Tomasulo

LAND OF SKY REGIONAL COUNCIL

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INDEPENDENT AUDITORS' REPORT

Board of Delegates
Land of Sky Regional Council
Asheville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Land of Sky Regional Council (the "Council") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Land of Sky Regional Council as of June 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 12 and the Schedule of Proportionate Share of the Net Pension liability and the Schedule of Council Contributions on pages 40 and 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Land of Sky Regional Council's basic financial statements. The individual fund financial statements, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of Land of Sky Regional Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Land of Sky Regional Council's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

December 14, 2020
Statesville, North Carolina
(704) 562-5039

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

As management of Land of Sky Regional Council (the Council) we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of Land of Sky Regional Council for the fiscal year ended June 30, 2020. This information should be read in conjunction with the audited financial statements included in this report.

Overview of Land of Sky Regional Council

Land of Sky Regional Council is a Council of Governments that serves four counties and fifteen municipalities in the western mountains area of North Carolina. We administer various federal, state, and local programs for the benefit of our member governments.

Financial Highlights

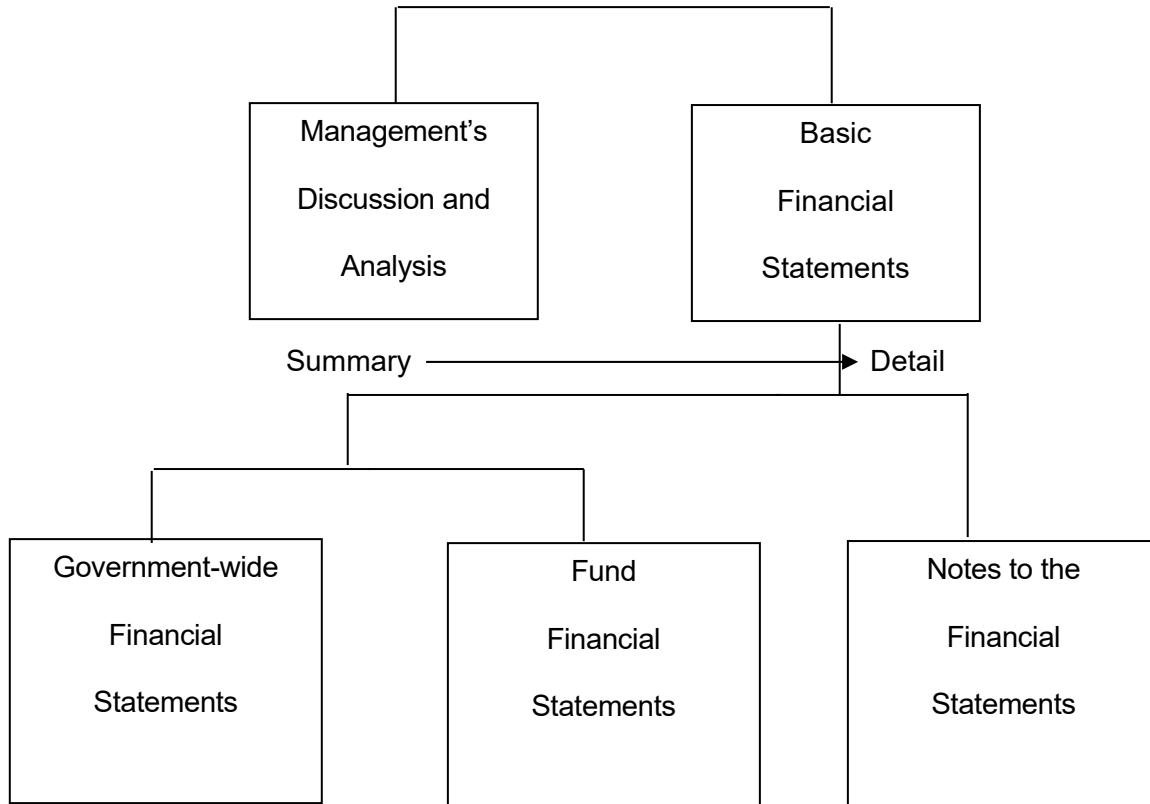
- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,043,952 (net position).
- The Council's total net position increased by \$3,717.
- As of the close of the current fiscal year, the Council's governmental fund reported an ending fund balance of \$2,798,964, an increase of \$276,628 in comparison with the prior year. Of this total amount, \$2,645,616 is restricted by state statute.
- At the end of the current fiscal year, unassigned net position for the General Fund was \$153,348.

Overview of the Financial Statements

This discussion and analysis is 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 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 6) 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 three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the fiduciary fund statements.

The next section of the basic financial statements is the *notes to the financial statements*. 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 individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Government-wide 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 it has changed. Net position is the difference between the Council's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge 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 or component units. The governmental activities include most of the Council's basic services such as general administration, economic and community development, human services, environmental protection, workforce development and transportation planning services. State and federal grants, contracts with local governments and member government dues finance most of these activities.

The government-wide financial statements are 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 of the funds of the Council can be divided into two categories: governmental funds and fiduciary funds.

Land of Sky Regional Council has two types of 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, as required by the General Statutes. The budget is a legally adopted document. It also authorizes the Council to obtain funds from identified

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Council complied with the budget ordinance and whether 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 Council; 2) the final budget as amended by the Council; 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.

The governmental fund statements are shown as Exhibits 3, 4 and 5 of this report.

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Council has three fiduciary funds, which are agency funds.

The fiduciary fund statements are shown as Exhibits 6 and 7 of this report.

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 required supplementary information concerning the Council's progress in funding its obligation to provide pension benefits to its employees.

Interdependence with Other Entities: The Council depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Council is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

Financial Analysis of the Council as a Whole

Net position is an indicator of the fiscal health of the Council. Assets exceeded liabilities by \$3,043,952 as of June 30, 2020. A significant portion of net position is restricted for Stabilization by State Statute of \$2,645,616.

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Following is a summary of the Statement of Net Position:

Table 1		
Condensed Statement of Net Position		
As of June 30, 2020 and 2019		
	Governmental Activities	
	6/30/2020	6/30/2019
Current assets	\$ 4,802,390	\$ 3,799,652
Capital assets	1,134,019	1,226,381
Long-term note receivable	983,613	983,613
Total assets	6,920,022	6,009,646
Deferred outflows of resources	523,000	626,444
Current liabilities	2,003,426	1,065,540
Long-term liabilities	2,394,719	2,231,239
Total liabilities	4,398,145	3,296,779
Deferred inflows of resources	925	309,076
Net investment in capital assets	(167,355)	(141,759)
Restricted net position	3,629,229	3,634,452
Unrestricted net position'	(417,922)	(452,458)
Total net assets	\$ 3,043,952	\$ 3,040,235

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 \$3,043,952 as of June 30, 2020. The Council's net position increased by \$3,717 for the year ended June 30, 2020. A portion of the Council's net position, \$(167,355), reflects the Council's investment in capital assets, net of related debt. An additional portion of the Land of Sky Regional Council's net position, \$3,629,229 represents resources that are subject to external restrictions on how they may be used. \$2,645,616 is restricted by the State's Stabilization by State Statute. \$983,613 is restricted for the Council's revolving loan program. The remaining balance of \$(417,922) is unrestricted.

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The following table shows the revenues and expenses for the Council for the current fiscal year.

Table 2		
Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years Ended June 30, 2020 and 2019		
	Governmental Activities	
	6/30/2020	6/30/2019
Revenues:		
Program revenues:		
Charges for services	\$ 433,272	\$ 839,933
Operating grants and contributions	11,159,079	11,446,576
General revenues:		
Other revenues	201,532	211,015
Total revenues	<u>11,793,883</u>	<u>12,497,524</u>
Expenses:		
Governmental activities:		
General government	226,294	212,785
Economic and physical development	1,092,429	978,346
Human services	5,557,333	5,501,094
Environmental protection	7,787	95,650
Transportation	2,101,514	1,964,744
Workforce development	2,804,809	2,549,797
Total expenses	<u>11,790,166</u>	<u>11,302,416</u>
Change in net position	3,717	1,195,108
Beginning net position, as restated	3,040,235	1,845,127
Ending net position	<u>\$ 3,043,952</u>	<u>\$ 3,040,235</u>

Governmental activities increased the Council's net position by \$3,717. This reflects the Council's focus on utilizing all available resources for local economic development and the performance of services related to those contracts in cooperation with member governments in its region while also maintaining a roughly constant level of net position.

Financial Analysis of the Council's Funds

Governmental Fund: The focus of the Council's governmental fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Land of Sky Regional Council's financing requirements.

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The General Fund is the operating fund of the Council. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$153,348 while total fund balance reached \$2,798,964, an increase of \$276,628 (5.5%) from the prior year. 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 represented 1.33% of total General Fund expenditures. Total fund balance represented 24.3% of total General Fund expenditures.

General Fund Budgetary Highlights

During the fiscal year, the Council revised 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.

Capital Assets

The Council's investment in capital assets for its governmental activities as of June 30, 2020 totals \$1,134,019 (net of accumulated depreciation). These assets include office space and leasehold improvements, office and computer equipment and software.

The following is a summary of the capital assets, net of depreciation at year-end.

Table 3		
Summary of Capital Assets		
As of June 30, 2020 and 2019		
	Governmental Activities	
	6/30/2020	6/30/2019
Building and improvements	\$ 1,109,722	\$ 1,189,052
Equipment and furniture	24,297	37,329
Total	<u>\$ 1,134,019</u>	<u>\$ 1,226,381</u>

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Debt Outstanding

As of June 30, 2020, the outstanding debt of the Council consisted of \$1,301,374 of a capital lease related to the Council building. Of total outstanding debt, \$69,565 is included in current liabilities. Additional information on the Council's capital lease can be found in Note 2 of the financial statements.

Following is a summary of the Council's outstanding debt at year end:

Table 4		
Outstanding Debt		
As of June 30, 2020 and 2019		
	<u>Governmental Activities</u>	
	<u>6/30/20</u>	<u>6/30/19</u>
Capital Lease		
Current portion	\$ 69,565	\$ 66,766
Long-term portion	<u>1,231,809</u>	<u>1,301,374</u>
Total	<u>\$ 1,301,374</u>	<u>\$ 1,368,140</u>

Economic Factors and Next Years Budgets and Rates

- The Council is in the process of developing a strategic plan for the organization. It is expected this will result in the adoption of new priorities that could expand services and programs and, in turn, have positive impacts on Council revenue.
- Due to the region's historically low unemployment rate, continued reductions in workforce funding formula funds are expected. However, the Council continues to receive one-time grant funding for workforce programs that make up for some of this loss in funding. And with the impact of Coronavirus, the region now has a higher unemployment rate, which should result in more funding to serve the regions unemployed.
- New reporting, record keeping, and administrative requirements for federal funding programs continues to stress the Council's finance and administrative functions. It is anticipated additional capacity for the Council's internal functions will be required to meet the workload demand.

Impact of Coronavirus on the Council

During the fiscal year, the state and nation were affected by the spread of a coronavirus. The Council's response to the coronavirus included the closure of office facilities in mid-March. The Council continues to serve our region with virtual meetings and other remote work. The Council incurred additional expenses as a result of the coronavirus including: purchase of personal protective equipment, office equipment, and virtual platforms. Council staff has applied for FEMA funds to help offset the extra expense caused by the epidemic.

**LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Requests for Information

This report is intended to provide a summary of the financial condition of Land of Sky Regional Council. Questions or requests for additional information should be addressed to the Finance Director, Land of Sky Regional Council, 339 New Leicester Highway, Suite 140, Asheville, North Carolina, 28806. You may find additional information about the Council by visiting our website at www.landofsky.org.

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF NET POSITION
June 30, 2020

Exhibit 1

	Primary Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,475,576
Accounts receivable	
Due from other governments - grants and contracts	2,317,719
Other	9,095
Total current assets	<u>4,802,390</u>
Non-current assets:	
Capital assets:	
Depreciable, net of depreciation	1,134,019
Long term note receivable	983,613
Total non-current assets	<u>2,117,632</u>
Total assets	<u>6,920,022</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>523,000</u>
LIABILITIES	
Accounts payable and accrued expenses	1,542,720
Unearned revenue	460,706
Long-term liabilities:	
Net pension liability	895,469
Due within one year	175,499
Due in more than one year	1,323,751
Total liabilities	<u>4,398,145</u>
DEFERRED INFLOWS OF RESOURCES	<u>925</u>
NET POSITION	
Net investment in capital assets	(167,355)
Restricted for:	
Stabilization by State statute	2,645,616
Revolving loan program	983,613
Unrestricted	(417,922)
Total net position	<u>\$ 3,043,952</u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
				Governmental Activities
Primary government:				
Governmental Activities:				
General government	\$ 226,294	\$ 19,716	\$ 40,883	\$ (165,695)
Economic and physical development	1,092,429	178,165	859,109	(55,155)
Human services	5,557,333	145,261	5,338,114	(73,958)
Environmental protection	7,787	-	7,787	-
Transportation	2,101,514	90,130	2,141,590	130,206
Workforce development	2,804,809	-	2,771,596	(33,213)
Total governmental activities	<u>11,790,166</u>	<u>433,272</u>	<u>11,159,079</u>	<u>(197,815)</u>
General revenues:				
Other income				138,813
Local governmental dues				55,575
Unrestricted investment earnings				7,144
Total general revenues				<u>201,532</u>
Change in net position				<u>3,717</u>
Net position-beginning				3,259,161
Restatement				(218,926)
Net position - beginning, as restated				<u>3,040,235</u>
Net position-ending				<u>\$ 3,043,952</u>

LAND OF SKY REGIONAL COUNCIL
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2020

Exhibit 3

	<u>Major Fund</u> <u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,475,576
Accounts receivable:	
Grants and contracts	2,317,719
Other	9,095
Note receivable from revolving loan program	<u>983,613</u>
Total assets	<u>\$ 5,786,003</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 260,210
Due to sub-recipients and beneficiaries	593,545
Due to other governments	688,965
Unearned revenue	<u>460,706</u>
Total liabilities	<u>2,003,426</u>
Deferred inflows of resources:	<u>983,613</u>
Fund balance:	
Restricted:	
Stabilization by State statute	2,645,616
Unassigned	<u>153,348</u>
Total fund balance	<u>2,798,964</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,786,003</u>

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

Total fund balance, governmental fund:	\$ 2,798,964
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,134,019
Deferred outflows of resources related to pensions	523,000
The note receivable related to the revolving loan program in the government-wide statements does not provide current financial resources, and is therefore deferred in the fund statements.	983,613
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Obligations under capital leases	(1,301,374)
Compensated absences	(197,876)
Net pension liability	(895,469)
Deferred inflows of resources related to pensions	<u>(925)</u>
Net position of governmental activities	<u>\$ 3,043,952</u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
For the Year Ended June 30, 2020

Exhibit 4

	<u>Major Fund</u> <u>General Fund</u>
REVENUES	
U.S. Government	\$ 6,955,611
State of North Carolina	1,762,546
Local governmental awards and membership dues	2,377,079
Facilities and other income	393,786
Private grants and donations	168,448
In-kind	129,269
Interest income	7,144
Total revenues	<u>11,793,883</u>
EXPENDITURES	
Current:	
General government	226,205
Economic and physical development	1,037,274
Human services	5,483,375
Environmental protection	7,787
Transportation	1,991,018
Workforce development	2,771,596
Total expenditures	<u>11,517,255</u>
Net change in fund balance	276,628
Fund balance-beginning, as restated	<u>2,522,336</u>
Fund balance-ending	<u>\$ 2,798,964</u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
For the Year Ended June 30, 2020

Exhibit 4
(Continued)

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

Net changes in fund balance - governmental fund	\$ 276,628
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 of depreciation expense in the current period.	(92,362)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	186,880
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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	66,766
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.	
Pension expense	(394,936)
Compensated absences	(39,259)
	<u> </u>
Total changes in net position of governmental activities	<u><u>\$ 3,717</u></u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
U.S. Government	\$ 7,654,835	\$ 8,642,174	\$ 6,955,611	\$ (1,686,563)
State of North Carolina	1,929,402	2,012,675	1,762,546	(250,129)
Local governmental awards and membership dues	2,877,147	3,028,348	2,377,079	(651,269)
Facilities and other income	319,501	467,109	393,786	(73,323)
Private grants and donations	42,558	360,321	168,448	(191,873)
In-kind	126,676	115,472	129,269	13,797
Interest income	-	-	7,144	7,144
Total revenues	<u>12,950,119</u>	<u>14,626,099</u>	<u>11,793,883</u>	<u>(2,832,216)</u>
EXPENDITURES				
Current:				
General government			226,205	
Economic and physical development			1,037,274	
Human services			5,483,375	
Environmental protection			7,787	
Workforce development			2,771,596	
Transportation			1,991,018	
Total expenditures	<u>12,950,119</u>	<u>14,650,796</u>	<u>11,517,255</u>	<u>3,133,541</u>
Revenues over expenditures	-	(24,697)	276,628	301,325
Appropriated fund balance	-	24,697	-	(24,697)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	276,628	<u>\$ 276,628</u>
Fund balance, beginning of year, as restated			<u>2,522,336</u>	
Fund balance, end of year			<u>\$ 2,798,964</u>	

**LAND OF SKY REGIONAL COUNCIL
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS -
AGENCY FUNDS
June 30, 2020**

Exhibit 6

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 39,007
Accounts receivable	250
Total assets	<u>\$ 39,257</u>
LIABILITIES	
Assets held in trust for other purposes	<u>\$ 39,257</u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS -
AGENCY FUNDS
June 30, 2020

Exhibit 7

	<u>Agency Funds</u>
ADDITIONS	
Donations	\$ 7,000
Deductions	
Economic Development Initiatives	<u>43,967</u>
Change in net position	(36,967)
Total net position - beginning	<u>76,224</u>
Total net position - ending	<u><u>\$ 39,257</u></u>

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Land of Sky Regional Council (“the Council”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

General

The Council was created to plan or to see that plans are established and executed that will foster desirable social, cultural, ecological and economic conditions within the region. It covers a four county area comprising Region B in Western North Carolina. The four counties served by the Council are Buncombe, Henderson, Madison and Transylvania. Each member government within the region is entitled to a delegation of one member. This delegation has one vote in the election of the executive committee.

Reporting Entity

The Council, a regional council of governments established under State Law [G.S. 160A-470], is governed by representatives from its member governments in the counties along with municipalities in each county.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Council. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements present the *governmental activities* of the Council. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function 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 operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Council’s funds, including its fiduciary fund. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds. The fiduciary fund is presented separately.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

The Council reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Council. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are federal and state grants, contracts with local governments and member government dues. Primary expenditures are for administration and for program purposes, including salaries and fringe benefits.

The Board Reports the following fiduciary funds:

Black Mountain Commerce Park. This fund accounts for the assets and activities of a member government's economic development grant. The Council acts as its fiscal agent.

WNC Highway Corridors Association. This fund accounts for the assets and activities of the I-26 Corridor Association, an unincorporated association for which the Council acts as its fiscal agent.

CarolinaWest. This fund accounts for the assets and activities of CarolinaWest, an unincorporated economic development association for which the Council acts as its fiscal agent.

Measurement Focus and Basis of Accounting

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

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

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

The Council considers all revenues available if they are collected within 90 days after year-end. Grant revenues which are unearned at year-end are recorded as unearned revenues.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Those revenues susceptible to accrual are member dues, investment earnings, technical assistance contracts, contracts 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. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. All amendments (except as noted below) must be approved by the governing board except transfers from one appropriation to another within the same fund and program in any amounts. Such transfers may be made by the finance director but must be reported to the Board at its next regular meeting. The finance director is also permitted to authorize expenditures from the contingency account, if any, provided that such expenditures are transferred to an existing appropriation on a budget line-item before the expenditure is made. All such transfers must be reported to the Board at its next regular meeting. The Executive Director, or in his absence, the Chair of the Council or the Deputy Executive Director shall have the authority to approve budget amendments required as part of the contract execution process if: 1) the program/activity in question is included as part of the approved budget; 2) the program/activity in question has traditionally been part of the Council's ongoing business; 3) the program/activity in question is being carried over from the previous fiscal year; or 4) the budget for the program/activity in question does not exceed \$25,000. Reports of such budget amendments shall be made to the Executive Committee at their next meeting and officially recorded as part of the Executive Committee meeting minutes. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

All deposits of the Council are made in Council-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.

**LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

State law [G.S. 159-30(c)] authorizes the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Council's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

The Council pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The Council considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Capital Assets

Capital assets are defined by the Council as assets with an initial, individual cost greater than or equal to \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	26
Building improvements	7 - 15
Vehicles	6
Furniture and equipment	3 - 7
Copiers	4 - 7
Computer equipment and software	4 - 5

Note Receivable

The note receivable of the Council relates to financing assistance for a multi-family residential real estate project in Greensboro, North Carolina. The note was funded through the Council's revolving loan program. No allowance for doubtful accounts has been recorded since Council feels the full balance is collectible. In addition, the amount of principal due on the note within one year is not significant.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Deferred outflows and inflows of resources

In addition to assets, the Statement of Net 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 will not be recognized as an expense or expenditure until then. The Council has one item that meets this criterion - pension related deferrals and contributions made to the plan subsequent to the measurement date. The Council also reports 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 will not be recognized as revenue until then. The Council has two items that meet this criterion - pension related deferrals in the Statement of Net Position and the note receivable related deferral in the General Fund.

Long-term obligations

In the government-wide financial statements, capital leases and other long-term obligations are reported as liabilities in the applicable governmental activities.

Compensated Absences

The vacation policy of the Council provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Council's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded at the fiscal year end on a FIFO basis, assuming that employees are taking leave time as it is earned.

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

Net Position

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

Fund Balances

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

**LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

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

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Council has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: proportionally as dictated by grant requirements, federal funds, State funds, local funds, and other funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Council.

Revenues, Expenditures, and Expenses

Allocation of Indirect Costs

Indirect costs are allocated to the various grants at 44.43% of direct salaries and fringe benefits for the year ended June 30, 2020. The Economic Development Administration, the Council's oversight agency has reviewed and found no fault in the provisional rate. The Council must account for differences between estimated and actual indirect costs by either: a) making an adjustment to its future indirect cost rate for the difference carried forward or b) making adjustments to the costs charged to the various programs based on the actual charges. The actual indirect cost rate for the year ended June 30, 2020 is 44.44% of direct salaries and fringe.

Grant Revenue

The Council recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the Council before meeting the eligibility requirements are recorded and reported as unavailable revenues.

In-Kind Contributions

In-kind contributions consist principally of the estimated fair value of services or facilities provided by various persons or agencies.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Defined Benefit Pension Plan

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

NOTE 2 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

All the deposits of the Council are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Council's agent in the Council's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the 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 amount of collateral pledges for the Council under the Pooling Method, the potential exists for under-collateralization. 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, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance.

At June 30, 2020, the Council's deposits had a carrying amount of \$2,009,728 and a bank balance of \$2,159,933. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,909,933 in deposits was covered by collateral held under the pooling method.

Investments

At June 30, 2020, the Council had \$504,855 invested with the North Carolina Capital Management Trust's Term Portfolio which carried a credit rating of AAAM by Standard and Poor's. As of June 30, 2020, the NCCMT Term Portfolio has a duration of .15 years. Because the NCCMT have a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The Council has no policy for managing interest rate risk or credit risk.

**LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

Accounts Receivable

Receivables at the government-wide level consisted of the following at June 30, 2020:

	<u>General Fund</u>
Governmental activities:	
Due from other governments	\$ 2,317,719
Other governmental entities	<u>9,095</u>
Total	<u>\$ 2,326,814</u>

Due from other governments consists of the following:

	<u>General Fund</u>
Governmental activities:	
Receivables under expenditure-driven federal and state grants	\$ 1,966,407
Technical assistance contracts with local governmental entities	<u>351,312</u>
Total	<u>\$ 2,317,719</u>

Note receivable

The notes receivable in the Special Revenue Fund and in Governmental Activities consisted of the following at June 30, 2020:

	<u>Brownfields Assessment & Cleanup Cooperative Agreements</u>
Note receivable	<u>\$ 983,613</u>

The Council participates in a revolving loan program sponsored by the Environmental Protection Agency (EPA) seeking to clean sites identified under the Brownfields Program. The revolving loan program lends to qualified entities who then work with the EPA to bring the site into environmental standards. The loan bears interest at 1%. The balance of the loan receivable was \$983,613 as of June 30, 2020. No payments were made in 2020 and no interest was accrued as earned. The Council feels that the full amount of the note receivable is collectible.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Retirements	Transfers	Ending Balances
Governmental activities:					
Capital assets being depreciated:					
Buildings and improvements	\$ 2,077,155	\$ -	\$ -	\$ -	\$ 2,077,155
Equipment and furniture	381,001	-	55,358	-	325,643
Vehicles	55,931	-	55,931	-	-
Total capital assets being depreciated	<u>2,514,087</u>	<u>-</u>	<u>111,289</u>	<u>-</u>	<u>2,402,798</u>
Less accumulated depreciation for:					
Buildings and improvements	888,103	79,330	-	-	967,433
Equipment and furniture	343,672	13,032	55,358	-	301,346
Vehicles	55,931	-	55,931	-	-
Total accumulated depreciation	<u>1,287,706</u>	<u>92,362</u>	<u>111,289</u>	<u>-</u>	<u>1,268,779</u>
Governmental activity capital assets, net	<u>\$ 1,226,381</u>				<u>\$ 1,134,019</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 48
Economic and physical development	18,666
Human services	25,030
Transportation	38,378
Workforce development	<u>11,240</u>
Total	<u>\$ 93,362</u>

**LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

Liabilities

Pension Plan and Other Postemployment Obligations

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 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, 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. 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 post-retirement 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. The Council's 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, 2020, was 8.95% of covered payroll, 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 \$186,880 for the year ended June 30, 2020.

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

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, the Council reported a liability of \$895,469 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Council's proportion was 0.03279%, which was an increase of 0.00028% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Council recognized pension expense of \$394,936. At June 30, 2020 the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 153,327	\$ -
Changes of assumptions	145,947	-
Net difference between projected and actual earnings on pension plan investments	21,841	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,005	925
Council contributions subsequent to the measurement date	<u>186,880</u>	<u>-</u>
Total	<u>\$ 523,000</u>	<u>\$ 925</u>

\$186,880 reported as deferred outflows of resources related to pensions resulted from Council contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Year ended June 30:

2021	\$ 169,171
2022	54,624
2023	86,545
2024	24,855
2025	-
Thereafter	<u>-</u>
Total	<u>\$ 335,195</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 actuarial valuation were based on the experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurements.

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, 2019 are summarized in the following table:

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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 liability calculated using the discount rate of 7.00%, as well as what the Council's proportionate share of the net pension asset or net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discounted Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 2,048,102	\$ 895,469	\$ (62,602)

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

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

b. Supplemental Retirement Income Plan

Plan description. The Council contributes to the Supplemental Retirement Income Plan, a defined contribution plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all regular Council employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding policy. The Council contributes, at each payroll, four percent of each employee's salary. All amounts contributed are vested immediately. Also, employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020 totaled \$67,228, which consisted of \$39,442 from the Council and \$27,786 from employees.

c. Health Care Savings Plan

Plan description. The Council periodically contributes to a health care savings plan for each full-time employee who has more than one year of service. This plan is a defined contribution plan administered by Nationwide Mutual Insurance Company. Eligible employees may access the funds in their account after termination of employment with the Council.

Funding policy. Annually, the Council determines the amount, if any, that will be contributed toward each eligible employee's account. For the year ended June 30, 2020, the Council contributed \$600 toward each full-time employee's account with more than 1 year of service. For employees that became eligible during the year, a prorated amount was contributed. In total the Council contributed \$20,645 to the plan during the year.

Other Employment Benefits

Death Benefits

The Council has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Council, the Council does not determine the number of eligible participants. The Council has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State.

**LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

Accounts Payable

Accounts payable at June 30, 2020, are as follows:

	<u>Due to sub- recipients and beneficiaries</u>	<u>Due to other governments</u>	<u>Due to vendors and accrued expenses</u>
General Fund	\$ 593,545	\$ 688,965	\$ 260,210

Unearned Revenues

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

	<u>Unearned Revenues</u>
Unearned grant revenues	\$ 460,706

Deferred Inflows of Resources

The balance of deferred inflows of resources at year end is as follows:

	<u>Deferred Inflows of Resources</u>
Governmental Fund - General Fund	
Note receivable	\$ 983,613
Governmental Activities	
Pension deferrals	\$ 925

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Risk Management

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 above entity participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. These pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professional liability and public officials liability in excess of \$1,000,000; property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation for the 7/1/2019-7/1/2020 policy period.

The Council carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Council's employees that have access to \$100 or more at any given time of the Council's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$90,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

Long-Term Obligations

a. Capital Lease

In January of 2008, the Council entered into a lease-purchase agreement with Buncombe County for the purpose of acquiring the office space at 339 Leicester Crossing. During the year ended June 30, 2015, the Council returned a portion of the office space to the County, and the original agreement was amended with a debt balance representing the portion related to the remaining space, \$1,609,394. The new lease-purchase agreement requires semi-annual payments of \$61,429 through June 30, 2034 and one final payment of \$12,153 in December 2034.

At June 30, 2020, assets recorded under the capital leases were as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office space	<u>\$ 2,077,155</u>	<u>\$ 967,433</u>	<u>\$ 1,109,722</u>

Amortization expense for the year for the capital lease asset is included in depreciation expense.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

The future minimum payments of the capital lease as of June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 122,858
2022	122,858
2023	122,858
2024	122,858
2025	122,858
2026-2030	614,290
2031-2035	<u>503,586</u>
Total payments	1,732,166
Less interest	<u>(430,792)</u>
Present value of minimum lease payments	1,301,374
Less current portion	<u>(69,565)</u>
Long-term lease obligation	<u><u>\$ 1,231,809</u></u>

b. Long-Term Obligation Activity

The following is a summary of changes in the Council's long-term obligations for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental activities:					
Capital Lease	\$ 1,368,140	\$ -	\$ 66,766	\$ 1,301,374	\$ 69,565
Net pension liability	771,248	124,221	-	895,469	-
Compensated absences	<u>158,617</u>	<u>267,248</u>	<u>227,989</u>	<u>197,876</u>	<u>105,934</u>
Total	<u><u>\$ 2,298,005</u></u>	<u><u>\$ 391,469</u></u>	<u><u>\$ 294,755</u></u>	<u><u>\$ 2,394,719</u></u>	<u><u>\$ 175,499</u></u>

Compensated absences for governmental activities are liquidated by the general fund.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>
Capital assets	\$ 1,134,019
Less related debt	<u>1,301,374</u>
Net investment in capital assets	<u><u>\$ (167,355)</u></u>

Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund's fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 2,798,964
Less:	
Stabilization by State statute	<u>(2,645,616)</u>
Remaining fund balance	<u><u>\$ 153,348</u></u>

The General Fund's fund balance is calculated as follows:

Unrestricted cash and investments	\$ 2,475,576
Less:	
Liabilities	(1,542,720)
Encumbrances	(318,802)
Unearned revenue arising from cash receipts	<u>(460,706)</u>
Unassigned fund balance	<u><u>\$ 153,348</u></u>
Fund balance per General Fund balance sheet	\$ 2,798,964
Less unassigned fund balance	<u>(153,348)</u>
Fund balance restricted by State Statute	<u><u>\$ 2,645,616</u></u>

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2020 the encumbrances for the general fund were \$318,802.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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 grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE 4 – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2020, the Council reported prior period adjustments for the General Fund and Governmental Activities. A prior year liability that should have been recorded in the amount of \$218,926 was not recorded as of June 30, 2019. The correction of this error reduced fund balance for the General Fund and net position for Governmental Activities' as of June 30, 2019 by \$218,926. Additionally, deferred inflows of resources that should have been recorded in the General Fund in the amount of \$983,613 were not recorded as of June 30, 2019. The correction of this error reduced fund balance for the General Fund as of June 30, 2019 by \$983,613.

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
*Last Seven Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Council's proportion of the net pension liability (asset)	0.033%	0.033%	0.033%	0.030%	0.028%
Council's proportionate share of the net pension liability (asset)	\$ 895,469	\$ 771,248	\$ 502,926	\$ 643,917	\$ 127,189
Council's covered-employee payroll	\$ 2,199,923	\$ 2,155,284	\$ 1,986,738	\$ 1,999,721	\$ 1,896,903
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.70%	35.78%	25.31%	32.20%	6.71%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%

	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability (asset)	0.041%	0.041%
Council's proportionate share of the net pension liability (asset)	\$ (223,858)	\$ 499,029
Council's covered-employee payroll	\$ 2,427,394	\$ 2,596,109
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.22%	19.22%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

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

This schedule is required supplementary information.

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF COUNCIL CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 186,880	\$ 172,034	\$ 163,155	\$ 158,939	\$ 135,981
Contributions in relation to the contractually required contribution	<u>186,880</u>	<u>172,034</u>	<u>163,155</u>	<u>158,939</u>	<u>135,981</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 2,088,047	\$ 2,199,923	\$ 2,155,284	\$ 1,986,738	\$ 1,999,721
Contributions as a percentage of covered-employee payroll	8.95%	7.82%	7.57%	8.00%	6.80%

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 134,111	\$ 171,617
Contributions in relation to the contractually required contribution	<u>134,111</u>	<u>171,617</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 1,896,903	\$ 2,427,394
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

This schedule is required supplementary information.

**LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020**

Exhibit A-1

	Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
U.S. Government	\$ 8,642,174	\$ 6,955,611	\$ (1,686,563)
State of North Carolina	2,012,675	1,762,546	(250,129)
Local governmental awards and membership dues	3,028,348	2,377,079	(651,269)
Facilities and other income	467,109	393,786	(73,323)
Private grants and donations	360,321	168,448	(191,873)
In-kind	115,472	129,269	13,797
Interest income	-	7,144	7,144
Total revenues	14,626,099	11,793,883	(2,832,216)
EXPENDITURES:			
General government			
Overhead Administration FY/Finance		5,285	
LC Capital Lease FY		121,687	
Local FY		67,755	
Local Fundraising ND		105	
ARC Summit Sponsorship		30,941	
EAP - Wellness Lunch'n'Learns ND		432	
Total general government	309,253	226,205	83,048
Economic and community development			
WRP - Fee Based Services		2,544	
WRP - Buncombe Co Fire Dist Energy Assessments		10,935	
WRP - Buncombe Co Fire Dist Energy Assessments		5,168	
WRP - Tobacco Trust Fund - Phase II		44,132	
WRP - Energy Assessments - AB Tech		2,063	
WRP - Energy Assessments - Asheville City Schools		898	
WRP - City of Durham		3,674	
WRP - NCDEQ-SEP		52,521	
DPPEA SWMTF WRP		43,392	
WRP - City of AVL Water		15,000	
WRP - RUS Solid Waste		59,902	
WRP - USDA REAP REDA		41,274	
ION Grant		18,000	
City of Asheville - Housing		21,327	
Town of Montreat - T/A		36,540	
Stormwater		24,446	
EDA - 1/1/18 - 12/31/20		148,888	
Brevard - T/A		3,060	
Mars Hill Zoning		1,242	

**LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020**

**Exhibit A-1
(Continued)**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Z. Smith Reynolds		24,932	
Montreat SW 205j		6,232	
Town of Black Mtn GIS & GPS SVC		4,000	
ARC TA 10/1/19 - 9/30/20		19,419	
Village of Flat Rock TA		3,500	
ARC TA - Community Development		20,262	
ARC Lead Development District		79,038	
ARC LDD		79,038	
Hendersonville Downtown Revitalization		9,141	
Montreat/Bilt Forest Plng & Zoning		88,305	
Madison Co. T/A		5,162	
CFWNC Agriventures ND		4,681	
Mars Hill EDA WWT		16,539	
Black Mtn EDA Water/Sewer		27,287	
RUS - Solid Waste(EDC)		114	
Clean Air Campaign ND		10,292	
CMAQ-DOT		29,130	
DOE-NETL Clean Cities		53,501	
REV, Recycling Education Vehicle ND		18,198	
Riverweek ND		208	
PRF - French Broad Stormwater		3,289	
Total economic and community development	1,245,706	1,037,274	208,432
Human services			
Bunc Co Supplemental Funds for Aging Services		459,135	
MIPPA - DAAS		19,536	
Buncombe Co Aging Plan		40,000	
Aging - Planning		266,282	
Aging Funds P & A - State		48,261	
Aging - Health Promotions		55,007	
Community Resource Connections		2,491	
Aging - Services		3,035,362	
Senior Center Outreach & Gen Purpose		70,487	
Project Fan/Heat Relief		5,429	
Family Caregiver Support		307,463	
Project CARE carryover		30	
Project CARE Admin		99,825	
UNCA - ACL Fall Prevention		11,394	
Bunc Co Health Promotion Pilot		33,886	
Regional Ombudsman		294,675	

**LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020**

**Exhibit A-1
(Continued)**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Elder Abuse		6,490	
Bunc Co CAC Support		2,000	
Ombudsman/Elder Abuse Event		66	
LT Care Ombudsman MFP		1,750	
Foster Granparent		353,347	
Senior Companion		370,459	
Total human services	5,758,013	5,483,375	274,638
Environmental protection			
WRP - EPA Source reduction	7,787	7,787	-
Workforce development			
MAWD - Administration		224,483	
WIA - Special Activities		15,965	
WIA - Education & Workforce Collaboration		28,203	
MAWD - Adult Services		484,030	
MAWD - Enhhhancement - Adult ED. Lit		185,132	
MAWD - Enhhhancement - Adult ED. Lit ADMIN		10,000	
MAWD - Dislocated Worker Services		325,130	
MAWD - Dislocated Worker Services - CRR		371,073	
MAWD - Operations FLG		41,522	
MAWD - Youth Svcs (out of school)		345,210	
MAWD - Youth Svcs (In School)		124,959	
MAWD - Finish Line Grant - AB Tech		82,927	
MAWD - Finish Line Grant - Blue Ridge CC		21,037	
MAWD - Innonvation Fund Early Childhood		181,013	
MAWD - Upskill Innovation		77,514	
MAWD - Upskill Innovation - ADMIN		10,000	
MAWD - Enhancement - Workbase Learning		142,673	
MAWD - Enhancement - Workbase Learning - ADMIN		6,500	
MAWD - Business Service Support		91,332	
MAWD - Telework One-Time Grant		2,893	
Total workforce development	3,642,235	2,771,596	870,639
Transportation			
Rural Planning Organization		132,969	
Mountain Mobility Admin		297,246	
RIDE - 5317 New Freedom		57,949	
Mountain Mobility - 5317 - EDTAP		13,866	

**LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020**

**Exhibit A-1
(Continued)**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Mountain Mobility Admin - RIDE		20,187	
French Broad River MPO		418,532	
FBR MPO Special Studies		292,462	
TDM Coordinator		88,975	
Buncombe Co NEMT Medical Transportation		668,832	
Total transportation	<u>3,687,802</u>	<u>1,991,018</u>	<u>1,696,784</u>
Total expenditures	<u>14,650,796</u>	<u>11,517,255</u>	<u>3,133,541</u>
Revenues over expenditures	(24,697)	276,628	301,325
Appropriated fund balance	<u>24,697</u>	-	<u>(24,697)</u>
Net change in fund balance	<u>\$ -</u>	276,628	<u>\$ 276,628</u>
Fund balances, beginning of year, as restated:		<u>2,522,336</u>	
Fund balances, end of year		<u>\$ 2,798,964</u>	

LAND OF SKY REGIONAL COUNCIL
INDIRECT COST CENTER - COMPUTATION OF INDIRECT COST ALLOCATION RATE
GENERAL FUND
For the Year Ended June 30, 2020

Exhibit B-1

	Indirect Cost Center
Personnel Expenditures	
Salaries	\$ 436,206
Fringe benefits	159,086
Total personnel expenditures	<u>595,292</u>
Operating Expenditures	
Occupancy expenditures	180,870
Technology	143,992
Professional services	40,792
Leased equipment	26,925
Telephone and postage	30,348
Travel and training	10,747
Dues and subscriptions	20,155
Supplies	29,356
Copy and printing	6,484
Insurance	8,869
Repairs and maintenance	7,425
Retiree health	5,104
Miscellaneous	2,091
Total operating expenditures	<u>513,158</u>
Total indirect costs	1,108,450
Carryforward adjustment from prior year	<u>5,782</u>
Adjusted total indirect cost	<u><u>\$ 1,114,232</u></u>
Total personnel expenditures	\$ 3,102,660
Less personal expenditures in indirect cost pool	<u>595,292</u>
Total personnel expenditures earning indirect costs	<u><u>\$ 2,507,368</u></u>
Allocation rate computation	
Indirect costs	\$ 1,114,232
Divided by personnel expenditures earning indirect costs	<u>2,507,368</u>
Allocation rate - as computed	<u><u>44.44%</u></u>
Indirect costs compared to provisional indirect amount	
Personnel expenditures earning indirect costs	\$ 2,507,368
Provisional rate	<u>44.43%</u>
Provisional indirect amount	1,114,024
Total indirect costs	<u>1,114,232</u>
Provisional indirect costs under actual indirect costs	<u><u>\$ (208)</u></u>

**LAND OF SKY REGIONAL COUNCIL
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 FIDUCIARY FUNDS - AGENCY FUNDS
 June 30, 2020**

Exhibit C-1

	Black Mountain Commerce Park	CarolinaWest	WNC Highway Corridors	Total Agency Funds
Assets:				
Cash	\$ -	\$ 34,987	\$ 4,020	\$ 39,007
Accounts receivable	-	250	-	250
Total assets	<u>\$ -</u>	<u>\$ 35,237</u>	<u>\$ 4,020</u>	<u>\$ 39,257</u>
Liabilities:				
Held in trust for other purposes	<u>\$ -</u>	<u>\$ 35,237</u>	<u>\$ 4,020</u>	<u>\$ 39,257</u>

LAND OF SKY REGIONAL COUNCIL
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2020

Exhibit D-1

	<u>Black Mountain Commerce Park</u>	<u>CarolinaWest</u>	<u>WNC Highway Corridors</u>	<u>Total Agency Funds</u>
Additions				
Donations	\$ -	\$ 7,000	\$ -	\$ 7,000
Deductions				
Economic Development Initiatives	<u>39,590</u>	<u>4,377</u>	<u>-</u>	<u>43,967</u>
Change in net position	(39,590)	2,623	-	(36,967)
Total net position - beginning	<u>39,590</u>	<u>32,614</u>	<u>4,020</u>	<u>76,224</u>
Total net position - ending	<u><u>\$ -</u></u>	<u><u>\$ 35,237</u></u>	<u><u>\$ 4,020</u></u>	<u><u>\$ 39,257</u></u>

COMPLIANCE SECTION



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

INDEPENDENT AUDITORS' REPORT

**Board of Delegates
Land of Sky Regional Council
Asheville, North Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Land of Sky Regional Council, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Land of Sky Regional Council, North Carolina's basic financial statements and have issued our report thereon dated December 14, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with

governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 20-01 and 20-02.

Compliance and Other Matters

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

Land of Sky Regional Council's Response to Findings

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

December 14, 2020
Statesville, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with the OMB Uniform Guidance and the State Single Audit Implementation Act

INDEPENDENT AUDITORS' REPORT

**Board of Delegates
Land of Sky Regional Council
Asheville, North Carolina**

Report on Compliance for Each Major Federal Program

We have audited the Land of Sky Regional Council's 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 Land of Sky Regional Council's major federal programs for the year ended June 30, 2020. The Land of Sky Regional Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Land of Sky Regional Council 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, 2020.

Report on Internal control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Anderson Smith & Wike PLLC

December 14, 2020
Statesville, North Carolina



**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

**Board of Delegates
Land of Sky Regional Council
Asheville, North Carolina**

Report on Compliance for Each Major State Program

We have audited the Land of Sky Regional Council's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Land of Sky Regional Council's major state programs for the year ended June 30, 2020. The Land of Sky Regional Council's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Land of Sky Regional Council's compliance.

Opinion on Each Major State Program

In our opinion, the Land of Sky Regional Council 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, 2020.

Report on Internal Control over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

December 14, 2020
Statesville, North Carolina

**Land of Sky Regional Council
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
17.258 17.259 17.278	Workforce Innovation and Opportunity Act Cluster: WIOA Adult Program WIOA Youth Activities WIOA Dislocated Worker Formula Grants
93.044 93.045 93.053	Aging Cluster: Special Programs for the Aging – Title III – Part B Grants for Supportive Services and Senior Centers Special Programs for the Aging – Title III – Part C Nutrition Services Nutrition Services Incentive Program

**Land of Sky Regional Council
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

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

Auditee qualified as low-risk auditee? ___yes X_no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ___yes X_no

- Significant deficiency(s) identified that
are not considered to be material weaknesses? ___yes X_none reported

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

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

Identification of major State programs:

Program Name

Aging Cluster – State Match

**Land of Sky Regional Council
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section II. Financial Statement Findings

Finding 20-01

SIGNIFICANT DEFICIENCY

Prior Period Adjustment

Criteria: Accurate records relating to the reporting of the Council's liabilities and deferred inflows of resources are required in order for an entity to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: The Council recorded prior period adjustments during the current year to correct prior year errors relating to liabilities and deferred inflows of resources.

Effect: Liabilities as reported in the prior year financial statements were understated by \$218,926 for the General Fund and Governmental Activities. Also, deferred inflows of resources as reported in the prior year financial statements were understated by \$983,613 for the General Fund.

Cause: Oversight.

Questioned Cost: None.

Recommendation: Management should closely review all liability and deferred inflows of resources account balances at year end to ensure they are accurately reported within the year-end financial statements.

Management Response: The Council agrees with this finding and recommendation.

**Land of Sky Regional Council
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section II. Financial Statement Findings

Finding 20-02

SIGNIFICANT DEFICIENCY

Federal Data Collection Form (SF-SAC)

Criteria: A federal data collection form (SF-SAC) must be completed each year and submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

Condition: The Council did not submit the federal data collection form for the year ended June 30, 2019 within the required timeframe.

Effect: The submission of the Council's federal data collection form was late thus eliminating the potential for the Council to be considered a low-risk auditee.

Cause: Oversight.

Questioned Cost: None.

Recommendation: Management should implement procedures to ensure compliance with all requirements relating to the submission of the federal data collection form.

Management Response: The Council agrees with this finding and recommendation.

Section III. Federal Award Findings and Questioned Costs

Finding: None

Section IV. State Award Findings and Questioned Costs

Finding: None

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**Corrective Action Plan
 For the Year Ended June 30, 2020**

Section II. Financial Statement Findings

Finding: 20-01

Name of Contact Person: Charlotte Sullivan, Finance Director

Corrective Action Plan: The Finance Director will attend MIP (accounting software) training immediately. This training will enable the Finance Director to set up reports that will aid in analyzing and reviewing account balances. The Finance Director currently runs reports, however, with more training more detail can be obtained and analyzed.

A finance team member will run a quarterly report for grant 931 (the grant in which the error relating to liabilities occurred). The Finance Director will review and send a signed copy to the Executive Director.

Proposed Completion Date: Immediately.

Finding: 20-02

Name of Contact Person: Charlotte Sullivan, Finance Director

Corrective Action Plan: Management will take any and all steps necessary to ensure that future federal data collection forms are filed in a timely manner.

Proposed Completion Date: Immediately.

Section III. Federal Award Findings and Questioned Costs

Finding: None Reported

Section IV. State Award Findings and Questioned Costs

Finding: None Reported

**Land of Sky Regional Council
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020**

Finding: 19-01
Status: Corrected

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
Federal Grants:					
<u>U.S. Department of Agriculture</u>					
Direct Programs:					
Rural Energy for America Program	10.868		\$ 29,724	\$ -	\$ -
Solid Waste Management Grants	10.762	38-011 Loan #33	60,016	-	-
Total U.S. Department of Agriculture			89,740	-	-
<u>U.S. Department of Commerce</u>					
Direct Program:					
Economic Development - Support for Planning Organizations	11.302		61,008	-	-
<u>U.S. Department of Energy</u>					
Direct Program:					
Conservation Research and Development	81.086		53,502	-	-
Passed through N.C. Department of Environmental Quality:					
Energy Efficiency and Renewable Energy	81.041	7541	52,521	-	-
Total U.S. Department of Energy			106,023	-	-
<u>U.S. Department of Health and Human Services</u>					
Passed through the N.C. Department of Health & Human Services:					
Special Programs for the Aging					
Title III, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation					
	93.041	19/20AANCT7EA	6,127	360	-
Title III, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals					
	93.042	19/20AANCT7OM	34,078	2,005	-
Title III, Part D - Disease Prevention & Health Promotion Services					
	93.043	19/20AANCT3PH	46,545	2,738	-
Total Special Programs for the Aging			86,750	5,103	-
Aging Cluster					
Passed through NC Dept. of Health and Human Services					
Division of Aging & Adult Services					
Special Programs for the Aging - Title III-B					
Title III, Part B - Grants for Supportive Services & Senior Centers					
	93.044	19/20AANCT3SS	900,617	1,277,628	1,891,079
Title III, Part C1, Nutrition Services					
	93.045	19/20AANCT3CM	347,624	20,047	262,271
Title III, Part C2, Nutrition Services					
	93.045	19/20AANCT3HD	476,150	162,262	638,412
Nutrition Services Incentive Program (NSIP)					
	93.053	19/20AANCNSIP	130,856	-	130,856
Total Aging Cluster			1,855,247	1,459,937	2,922,618
National Family Caregiver Support - Title III, Part E					
	93.052	19/20AANCT3FC	325,815	21,275	163,912
Social Services Block Grant					
	93.667		109,570	3,131	112,701

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
Passed through the N.C. Department of Health and Human Services Division of Medical Assistance					
Money Follows the Person Demonstration Project	93.791	37930	1,464	286	1,750
Passed through the N.C. Department of Insurance State Health Insurance Assistance Program Division					
Medicare Enrollment Assistance Program	93.071	1801NCMIDR	19,536	-	19,536
Passed through the University of North Carolina at Asheville Evidence-Based Falls Prevention Programs					
	93.761	18-007	11,394	-	-
Total U.S. Department of Health and Human Services			2,409,776	1,489,732	3,220,517
<u>U.S. Department of Labor</u>					
Passed through N.C. Department of Commerce Division of Workforce Solutions					
WIOA - Adult Program	17.258		679,162	-	539,781
WIOA - Dislocated Worker Formula Grants	17.278		699,097	-	387,319
WIOA - Youth Activities	17.259		830,028	-	680,772
WIOA - Administrative Cost Pool Adult Program	17.258		73,059	-	-
WIOA - Administrative Cost Pool Dislocated Worker	17.259		108,534	-	-
WIOA - Administrative Cost Pool Youth Activities	17.278		42,890	-	-
WIOA - Statewide Innovation, Work Based Learning and Statewide Finish Line	17.278		294,658	-	238,442
Total Workforce Innovation and Opportunity Act Cluster			2,727,428	-	1,846,314
Total U.S. Department of Labor			2,727,428	-	1,846,314
<u>Appalachian Regional Commission</u>					
Direct Program:					
Appalachian Area Development	23.002		39,519	-	-
Appalachian Area Development	23.002		39,519	-	-
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011		17,991	-	-
Total Appalachian Regional Commission			97,029	-	-
<u>U.S. Department of Transportation, Federal Highway</u>					
Passed through N.C. Department of Transportation Total Highway Planning and Construction Cluster Division of Federal Highway Administration: Passed through the N.C. Department of Transportation:					
Highway Planning Construction	20.205	C-5612C, WBS 43734.4.1	29,130	-	-
Highway Planning Construction, State Planning & Research/PL 104(f) Funds	20.205-5	WBS 48269.1.1	334,825	-	-
Highway Planning Construction, State Planning & Research/PL 104(f) Funds	20.205-5	WBS 48275.1.1	278,457	-	233,970
Highway Planning Construction, State Planning & Research Rural Planning Organization Program	20.205-8	WBS 48478.4.8	106,375	-	-
Total Highway Planning and Construction Cluster			748,787	-	233,970

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	20-ED-932	7,867	-	-
Passed through City of Asheville Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	NC-2019-017-00	14,586	-	-
Total Federal Highway Administration			771,240	-	233,970
Environmental Protection Agency					
Direct Programs:					
Nonpoint Source Implementation Grants	66.808		10,934	-	-
Source Reduction Assistance	66.717		7,787	-	-
Passed through the N.C. Department of Environmental Quality					
205(j) Water Quality Management Planning	66.454	7754	18,402	-	-
205(j) Water Quality Management Planning	66.454	8095	5,263	-	-
Total Environmental Protection Agency.			42,386	-	-
AmeriCorps Senior Corps					
Foster Grandparent/Senior Companion Cluster					
Foster Grandparent Program	94.011		330,819	-	-
Senior Companion Program	94.016		320,162	-	-
Total Foster Grandparent/Senior Companion Cluster			650,981	-	-
Total AmeriCorps Senior Corps			650,981	-	-
Total Federal Assistance			6,955,611	1,489,732	5,300,801
State Grants:					
N.C. Department of Environmental Quality					
Waste Reduction Partners - Solid Waste Reduction Grant			-	43,392	-
N.C. Department of Health and Human Services					
Division of Aging and Adult Services					
Senior Center General Purpose Funding			-	52,861	52,861
State AAA Administrative Cost			-	48,261	-
Total N.C. Department of Health and Human Services			-	101,122	52,861
N.C. Department of Commerce					
Appalachian Regional Commission - Local Government Technical Assistance					
			-	20,262	-
Appalachian Regional Commission - Local Government Technical Assistance					
			-	19,419	-
Total N.C. Department of Commerce			-	39,681	-

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

<u>N.C. Department of Transportation</u>			
Rideshare Program	-	44,487	-
<u>N.C. Tobacco Trust Fund Commission</u>			
Agriculture Plastics Recycling	-	44,132	-
Total State Assistance	-	272,814	52,861
Total Federal and State Assistance	<u>\$ 6,955,611</u>	<u>\$ 1,762,546</u>	<u>\$ 5,353,662</u>

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 (SEFSA) includes the federal and State grant activity of Land of Sky Regional Council under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. 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 Land of Sky Regional Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of Land of Sky Regional Council.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Land of Sky Regional Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Loans Outstanding

Land of Sky Regional Council had the following loan balance outstanding at June 30, 2020. Loans were made in prior years and were included in the prior years' SEFSAs. Balances and transactions related to these programs are included in the Council's basic financial statements.

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Brownfields Assessment & Cleanup Cooperative Agreements	66.818		<u>\$ 983,613</u>