

LAND OF SKY REGIONAL COUNCIL

**FINANCIAL STATEMENTS AND
COMPLIANCE REPORT**

For the Year Ended June 30, 2019

LAND OF SKY REGIONAL COUNCIL

ASHEVILLE, NORTH CAROLINA

EXECUTIVE COMMITTEE AND BOARD OF DELEGATES

As of the Financial Statement Release Date

Executive Committee

Office Position	Name	Area Position
Chair	Larry Harris	Alderman, Black Mountain
Vice-Chair	Barbara Volk	Mayor, Hendersonville
Secretary	Patrick Fitzsimmons	Councilman, Weaverville
Treasurer	Mike Hawkins	Commissioner, Transylvania County
Past Chair	George Goosmann, III	Mayor, Biltmore Forest
County Delegate	John Mitchell	Henderson County
Municipal Delegate	Albert Gooch	Flat Rock
Minority Rep	Nancy Allen	Marshall

Board of Delegates

Jurisdiction	Primary Delegate	Alternate Delegate(s)
Buncombe County	Robert Pressley	
Henderson County	Grady Hawkins	Larry Rogers
Madison County	Wayne Brigman	Matt Wechtel
Transylvania County	Mike Hawkins	Jason Chappell
Asheville	Vijay Kapoor	Julie Mayfield
Biltmore Forest	George Goosmann, III	Jonathan Kanipe
Black Mountain	Larry Harris	Maggie Tuttle
Brevard	Charlie Landreth	Mac Morrow
Flat Rock	Albert Gooch	Paige Posey
Fletcher	Bob Davy	Mark Biberdorf
Hendersonville	Barbara Volk	Ron Stephens
Hot Springs	Vacant	
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)

<u>Jurisdiction</u>	<u>Primary Delegate</u>	<u>Alternate Delegate(s)</u>
Mars Hill	John Chandler	Nathan Bennett
Marshall	Jack Wallin	Nancy Allen
Montreat	Jane Alexander	Tom Widmer
Rosman	Brian Shelton	
Weaverville	Patrick Fitzsimmons	Dottie Sherrill
Woodfin	Jerry VeHaun	Debbie Giezentanner

At - Large Delegates

<u>Jurisdiction</u>	<u>Primary Delegate</u>
Buncombe County	Vacant
Henderson County	John Mitchell
Madison County	Vacant
Transylvania County	Vacant

Economic Development Delegates

<u>Jurisdiction</u>	<u>Primary Delegate</u>
Buncombe County	George Morosani
Henderson County	Vacant
Madison County	Vacant
Transylvania County	Josh Hallingse

Program Representative Delegates

<u>Program</u>	<u>Primary Delegate</u>
Aging	Bob Tomasulo
Volunteer Services	Gaylyn Justice

LAND OF SKY REGIONAL COUNCIL

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FINANCIAL SECTION



cannon&company
Certified Public Accountants L.L.P.

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 Land of Sky Regional Council as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Land of Sky Regional 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 fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Land of Sky Regional Council as of June 30, 2019, 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 11 through 18 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 51 and 52, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Land of Sky Regional Council. The individual fund financial statements, budgetary schedules, and other schedules, and the accompanying Schedule 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, financial data schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the individual fund statements, the budgetary schedules, other schedules, financial data schedules, and 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.

The General Fund – Indirect Cost Center – Schedule of Computation of Indirect Cost Allocation Rate is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the Land of Sky Regional Council’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Land of Sky Regional Council’s internal control over financial reporting and compliance.

Cannon & Company, S.L.P.

Winston-Salem, North Carolina

October 30, 2019

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Management's Discussion and Analysis

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, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Council's financial statements, which follow this narrative.

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

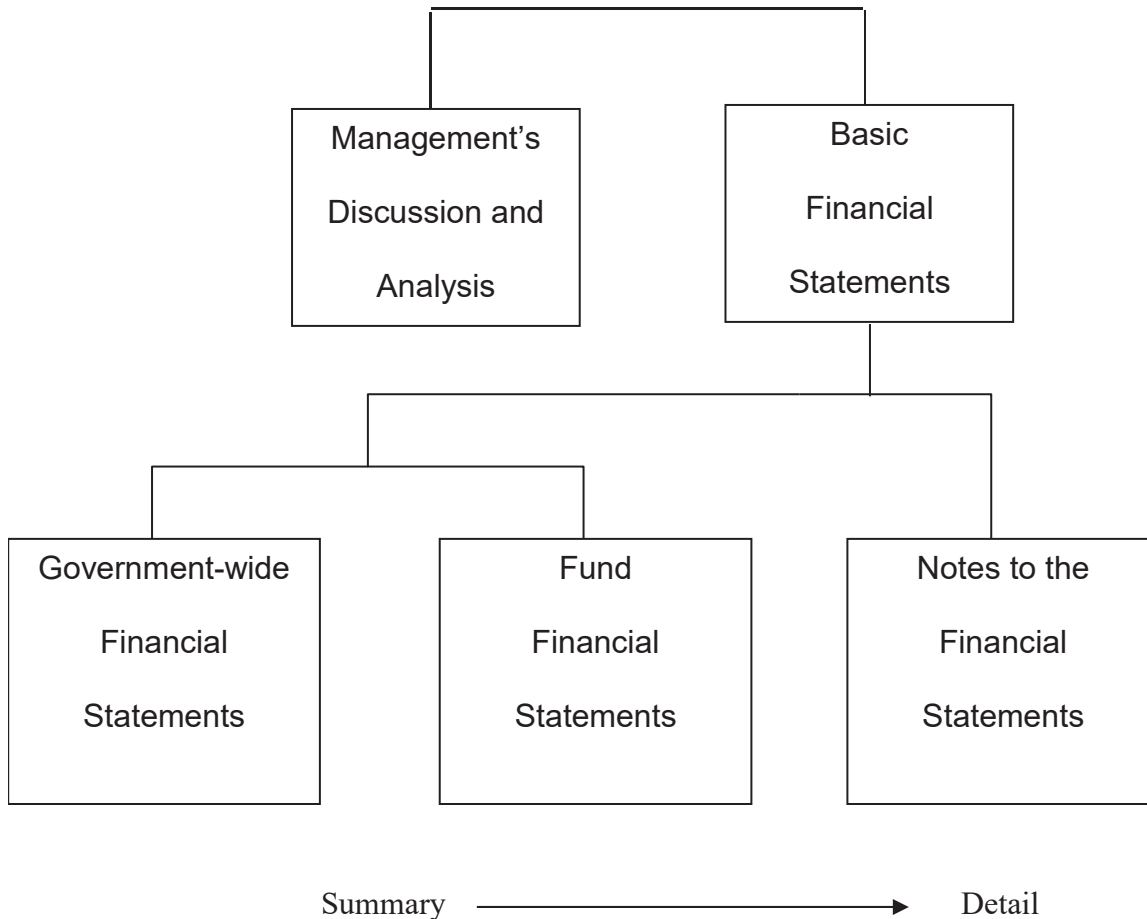
- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,259,161 (net position).
- The Council's total net position increased by \$1,414,034.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$3,724,875, an increase of \$1,119,514 in comparison with the prior year. Of this total amount, \$3,634,452 is restricted by state statute.
- At the end of the current fiscal year, unassigned net position for the General Fund was \$90,423.

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*. 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
For the Year Ended June 30, 2019

Government-Wide Financial Statements

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

The two government-wide statements report the Council's net position and it has changed. Net position is the difference between the Council's total assets and total liabilities 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 all 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 can be found on Exhibits 1 and 2 of this report.

Fund Financial Statements

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

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.

LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

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

Fiduciary Funds – 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.

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. The notes to the financial statements begin on page 30 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Land of Sky Regional Council's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 51 of this report.

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.

LAND OF SKY REGIONAL COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Government – Wide Financial Analysis

Land of Sky Regional Council
Net Position

Table A-1

	Governmental Activities	
	2019	2018
Current and other assets	\$ 3,799,652	\$ 3,946,463
Capital assets	1,226,381	1,327,279
Long term note receivable	983,613	983,613
Deferred outflows of resources	626,444	421,304
Total assets and deferred outflows of resources	<u>6,636,090</u>	<u>6,678,659</u>
Current liabilities	836,614	1,431,644
Long-term liabilities outstanding	2,231,239	3,011,564
Deferred inflows of resources	309,076	390,324
Total liabilities and deferred inflows of resources	<u>3,376,929</u>	<u>4,833,532</u>
Net position		
Invested in capital assets, net of related debt	(141,759)	(282,115)
Restricted	3,634,452	1,320,529
Unrestricted	(233,532)	806,713
Total net position	<u>\$ 3,259,161</u>	<u>\$ 1,845,127</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Council exceeded liabilities and deferred inflows by \$3,259,161 as of June 30, 2019. The Council’s net position increased by \$1,414,034 for the fiscal year ended June 30, 2019. A portion of the Council’s net position, \$(141,759), reflects the Council’s investment in capital assets, net of related debt. An additional portion of the Land of Sky Regional Council net position of \$3,634,452 represents resources that are subject to external restrictions on how they may be used. All of this amount is restricted by the State’s Stabilization by State Statute. The remaining balance of \$(233,532) is unrestricted.

LAND OF SKY REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Land of Sky Regional Council
Changes in Net Position
Table A-2

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 1,058,859	\$ 1,702,945
Operating grants and contributions	11,446,576	9,411,148
General revenues:		
Other revenues	190,304	191,651
Unrestricted investment earnings	20,711	6,396
	<u>12,716,450</u>	<u>11,312,140</u>
Expenses:		
General government	212,785	380,031
Economic and community development	978,346	867,710
Human services	5,501,094	5,578,256
Environmental protection	95,650	61,630
Transportation	1,964,744	1,848,587
Workforce development	2,549,797	2,486,832
	<u>11,302,416</u>	<u>11,223,046</u>
Total Expenses		
	<u>11,302,416</u>	<u>11,223,046</u>
Increase in net position	1,414,034	89,094
Net position, beginning	1,845,127	1,756,033
	<u>1,845,127</u>	<u>1,756,033</u>
Net position, June 30	<u>\$ 3,259,161</u>	<u>\$ 1,845,127</u>

Governmental activities. Governmental activities increased the Council's net position by \$1,414,034. The current year increase reflects the changes in costs associated with the Council placing its focus on local economic development and the performance of services related to those contracts in cooperation with member governments in its region.

Financial Analysis of the Council's Funds

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

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

LAND OF SKY REGIONAL COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$90,423 while total fund balance reached \$3,724,875, an increase of \$1,119,514 (42.97%) 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 0.78% percent of total General Fund expenditures. Total fund balance represented 32.12% percent of total General Fund expenditures.

Governmental Funds 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. Amendments to the Funds increased the budget by \$2,517,172.

Capital Asset and Debt Administration

Capital assets. The Council’s investment in capital assets for its governmental activities as of June 30, 2019, totals \$1,226,381 (net of accumulated depreciation). These assets include office space and leasehold improvements, vehicles, office and computer equipment and software.

There were no major capital assets transactions during the year.

Summary of Capital Assets (net of depreciation)

Table A-3

	Governmental Activities	
	2019	2018
Building	\$ 1,189,052	\$ 1,269,594
Vehicles	-	2,843
Equipment	37,329	54,842
Total	<u>\$ 1,226,381</u>	<u>\$ 1,327,279</u>

Additional information on the Council’s capital assets can be found in note D of the Basic Financial Statements.

LAND OF SKY REGIONAL COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Debt Administration

As of June 30, 2019, the outstanding debt of the Council consisted of \$1,368,140 of a capital lease related to the Council building. Of total outstanding debt, \$66,766 is included in current liabilities. Additional information on the Council’s capital lease can be found in Note K of the Basic Financial Statements.

	Governmental Activities	
	2019	2018
Capital lease		
Current portion	\$ 66,766	\$ 241,254
Long term portion	1,301,374	1,368,140
Total capital lease	<u>\$ 1,368,140</u>	<u>\$ 1,609,394</u>

Economic Factors and Next Year’s 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.
- 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.

Requests for Information

This report is intended to provide a general overview of Land of Sky Regional Council’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed 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.

BASIC FINANCIAL STATEMENTS

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 1,905,798
Accounts receivable	1,873,151
Prepaid expenses	20,703
Total current assets	<u>3,799,652</u>
Non-current assets:	
Capital assets:	
Depreciable, net of related depreciation	1,226,381
Total capital assets	<u>1,226,381</u>
Long term notes receivable	<u>983,613</u>
Total assets	<u>6,009,646</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	626,444
Total deferred outflows of resources	<u>626,444</u>
LIABILITIES	
Current liabilities:	
Accounts payable	644,956
Accrued expenses	124,892
Current portion of long-term obligations	66,766
	<u>836,614</u>
Long-term liabilities:	
Noncurrent portion of long-term obligations	1,301,374
Net pension liability	771,248
Compensated absences	158,617
Total liabilities	<u>3,067,853</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	20,534
Unearned revenue	288,542
Total deferred inflows of resources	<u>309,076</u>
NET POSITION	
Net investment in capital assets	(141,759)
Restricted:	
Stabilization by State Statute	3,634,452
Unrestricted	(233,532)
Total net position	<u>\$ 3,259,161</u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Program Revenue			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and
				Changes in Net Position
				Primary Government
Primary government:				
Governmental Activities:				
General government	\$ 212,785	\$ 116,124	\$ 3,735	\$ (92,926)
Economic and community development	978,346	235,753	1,716,423	973,830
Human services	5,501,094	164,491	5,336,603	-
Environmental protection	95,650	-	95,650	-
Transportation	1,964,744	542,491	1,744,368	322,115
Workforce development	2,549,797	-	2,549,797	-
Total primary government	<u>\$ 11,302,416</u>	<u>\$ 1,058,859</u>	<u>\$ 11,446,576</u>	<u>1,203,019</u>
General revenues:				
Other income				139,321
Local governmental dues				50,983
Unrestricted investment earnings				<u>20,711</u>
Total general revenues				<u>211,015</u>
Change in net position				1,414,034
Net position - beginning, previously reported				<u>1,845,127</u>
Net position - ending				<u>\$ 3,259,161</u>

FUND FINANCIAL STATEMENTS

LAND OF SKY REGIONAL COUNCIL
BALANCE SHEETS
GOVERNMENTAL FUNDS
 June 30, 2019

	<u>Major Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental</u>
		<u>Funds</u>
ASSETS		
Cash and investments	\$ 1,905,798	\$ 1,905,798
Accounts receivable:		
Grants and contracts	1,851,886	1,851,886
Other	21,265	21,265
Prepaid expenses	20,703	20,703
Note receivable from Revolving Loan Program	983,613	983,613
Total assets	<u>\$ 4,783,265</u>	<u>\$ 4,783,265</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 75,963	\$ 75,963
Accrued liabilities	124,892	124,892
Due to sub-recipients and beneficiaries	567,206	567,206
Due to other governments	1,787	1,787
Total liabilities	<u>769,848</u>	<u>769,848</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	288,542	288,542
Total deferred inflows of resources	<u>288,542</u>	<u>288,542</u>
FUND BALANCES		
Restricted:		
Stabilization by State Statute	3,634,452	3,634,452
Unassigned	90,423	90,423
Total fund balances	<u>3,724,875</u>	<u>3,724,875</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,783,265</u>	<u>\$ 4,783,265</u>

LAND OF SKY REGIONAL COUNCIL
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2019

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

Total fund balance, governmental funds		\$ 3,724,875	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost	\$ 2,514,087		
Accumulated depreciation	<u>(1,287,706)</u>	1,226,381	
Deferred outflows of resources related to the pension are not reported in the funds			626,444
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Obligations under capital leases	(1,368,140)		
Compensated absences	(158,617)		
Net pension liability	<u>(771,248)</u>	(2,298,005)	
Deferred inflows of resources related to pensions are not reported in the funds			<u>(20,534)</u>
Net position of governmental activities			<u><u>\$ 3,259,161</u></u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Major Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Federal government	\$ 6,680,656	\$ 6,680,656
State of North Carolina	1,736,347	1,736,347
Local governmental awards and membership dues	3,502,920	3,502,920
Facilities and other income	520,215	520,215
Private	64,936	64,936
In-kind	190,667	190,667
Interest income	20,711	20,711
Total revenues	<u>12,716,452</u>	<u>12,716,452</u>
EXPENDITURES		
General government	507,306	507,306
Economic and community development	978,347	978,347
Human services	5,501,094	5,501,094
Environmental protection	95,650	95,650
Workforce development	2,549,797	2,549,797
Transportation	1,964,744	1,964,744
Total expenditures	<u>11,596,938</u>	<u>11,596,938</u>
Net change in fund balance	1,119,514	1,119,514
Fund balances, beginning	<u>2,605,362</u>	<u>2,605,362</u>
Fund balances, ending	<u>\$ 3,724,876</u>	<u>\$ 3,724,876</u>

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

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

Net changes in fund balance - total governmental funds		\$ 1,119,514
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation expense for governmental assets		(100,898)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		172,034
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Decrease in accrued interest payable	191,399	
Principal payments on long-term debt	<u>241,254</u>	432,653
<p>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.</p>		
Compensated absences	(1,734)	
Pension expense	<u>(207,535)</u>	(209,269)
Total changes in net position of governmental activities		<u>\$ 1,414,034</u>

LAND OF SKY REGIONAL COUNCIL

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Federal government	\$ 7,007,975	\$ 8,885,655	\$ 6,680,656	\$ (2,204,999)
State of North Carolina	1,963,249	1,996,895	1,736,347	(260,548)
Local governmental awards and membership dues	2,975,399	3,162,862	3,502,920	340,058
Facilities and other income	328,555	338,731	520,215	181,484
Private	103,214	109,327	64,936	(44,391)
In-kind	143,709	177,228	190,667	13,439
Interest income	-	-	20,711	20,711
Total revenues	<u>12,522,101</u>	<u>14,670,698</u>	<u>12,716,452</u>	<u>(1,954,246)</u>
Expenditures:				
General government	207,213	575,788	507,306	68,482
Economic and community development	1,140,772	1,307,807	978,347	329,460
Human services	5,402,802	5,716,961	5,501,094	215,867
Environmental protection	124,383	131,884	95,650	36,234
Workforce development	2,395,193	3,644,387	2,549,797	1,094,590
Transportation	3,251,738	3,662,446	1,964,744	1,697,702
Total expenditures	<u>12,522,101</u>	<u>15,039,273</u>	<u>11,596,938</u>	<u>3,442,335</u>
Fund balance appropriated	<u>-</u>	<u>368,575</u>	<u>-</u>	<u>(368,575)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,119,514	<u>\$ 1,119,514</u>
Fund balance, beginning			<u>2,605,362</u>	
Fund balance, ending			<u>\$ 3,724,876</u>	

LAND OF SKY REGIONAL COUNCIL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 76,224
	<u>76,224</u>
LIABILITIES	
Held in trust for other purposes	\$ 76,224
	<u>76,224</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – 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 primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements present the *governmental activities* of the Council. Government 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. 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. Separate statements for each fund category 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.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Council reports the following major governmental funds:

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.

Agency Fund: The agency funds are custodial in nature and do not involve the measurement of operating results. The funds are used to account for assets the Council holds on behalf of others. The Council maintains two agency 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

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

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 officer but must be reported to the Board at its next regular meeting. The finance officer 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments:

All deposits of the Council are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Council may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Council may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S.159-30(c)] authorizes the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Council's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. The NCCMT-Term Portfolio has a duration of 0.11 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 government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 asset or materially extend assets' lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Asset Class	Estimated Useful Lives
Building	26
Building improvements	7-15
Vehicles	6
Furniture and equipment	3-7
Copiers	4-7
Computer equipment and software	4-5

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has one item that met this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Council has two items that meet the criterion for this category, listed in Note H – pension deferrals and resources from federal, state and local awards that have not been earned.

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 on the statement of net position.

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 LIFO basis, assuming that employees are taking leave time as it is earned.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position/Fund Balances:

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

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

The government fund types classify fund balance as follows:

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed fund balance: Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Council’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed.

Unassigned fund balance: The portion of total fund balance available for appropriation 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

Indirect cost allocation:

Indirect costs are allocated to the various grants at 42.54% of direct salaries and fringe benefits for the year ended June 30, 2019. 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, 2019 is 42.37% of direct salaries and fringe.

Grant Revenue

The Council recognizes revenues (net of estimated uncollectible amount, 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

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

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Over Appropriation of Fund Balance

For the fiscal year ended June 30, 2019, the Council over appropriated fund balance. The fund balance available at June 30, 2018 was (\$636,220). The budget for the year ended June 30, 2019 appropriated \$368,575. Management and the Board will more closely review the budget reports to ensure compliance in future years.

NOTE C - CASH AND INVESTMENTS

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. The Council complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Council's deposits had a carrying amount of \$1,407,756 and a bank balance of \$1,647,574. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,397,574 in deposits was covered by collateral held under the pooling method. At June 30, 2019, the Council's petty cash fund totaled \$250.

In addition to these cash amounts, \$76,224 is held in the Council operating account for programs where the Council serves as fiscal agent.

Investments

At June 30, 2019, the Land of Sky Regional Council had \$497,792 invested with the North Carolina Capital Management Trust (NCCMT). Of these amounts with the NCCMT, \$287,583 was invested with the NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, valued at fair value, which is the NCCMT's share price. The Government Portfolio carried a credit rating of AAAM by Standard and Poor's at June 30, 2019. The Council had \$210,209 invested in the NCCMT Term Portfolio. These securities are also valued at fair value. The Term Portfolio duration is less than three months and is not rated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended. The Council has no formal investment policy and no policy regarding credit risk.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - CASH AND INVESTMENTS (CONTINUED)

The following schedule reconciles these disclosures to the Statement of Net Position:

	<u>Exhibit A</u>
Cash in operating accounts	\$ 1,407,756
Cash held with NCCMT	497,792
Petty cash	250
	<u>\$ 1,905,798</u>

NOTE D – RECEIVABLES

The Council participates in a revolving loan fund sponsored by the Environmental Protection Agency (EPA) seeking to clean sites identified under the Brownfield program. The revolving loan lends to qualified entities who then work with the EPA to bring the site into environmental standards. In December, 2014, the Council consolidated its three loans into one loan of \$968,975. The new loan bears interest at 1%. No payments were due for the two years from 2015 through 2016, monthly payments of \$5,050 are due for the seventeen years from 2017 through 2033, and monthly payments of \$199.62 are due for the twenty-three years from 2034 through 2056. No payments were made in 2019 and no interest was accrued as earned. The Council has recently received correspondence from the entity confirming that it owes the receivable balance and plans to pay the balance as soon as possible. The following is a schedule of the loan receivable:

Balance, June 30, 2018	\$ 983,613
Add: interest earned	-
Less: principal payments	-
Balance, June 30, 2019	<u>\$ 983,613</u>

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - CAPITAL ASSETS

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Building	\$ 2,077,155	\$ -	\$ -	\$ 2,077,155
Vehicles	55,931	-	-	55,931
Equipment	381,001	-	-	381,001
Total capital assets being depreciated	<u>2,514,087</u>	<u>-</u>	<u>-</u>	<u>2,514,087</u>
Less accumulated depreciation for:				
Buildings	807,561	80,542	-	888,103
Vehicles	53,088	2,843	-	55,931
Equipment	326,159	17,513	-	343,672
Total accumulated depreciation	<u>1,186,808</u>	<u>100,898</u>	<u>-</u>	<u>1,287,706</u>
Governmental activity capital assets, net	<u><u>\$ 1,327,279</u></u>			<u><u>\$ 1,226,381</u></u>

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

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.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

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. 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. Council employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Council's contractually required contribution rate for the year ended June 30, 2019, was 7.81% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Council were \$172,034 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Council reported a liability of \$771,248 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Council's proportion was 0.03251%, which was a decrease of 0.00041% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Council recognized pension expense of \$207,535. At June 30, 2019 the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 118,985	\$ 3,993
Changes of assumptions	204,660	-
Net difference between projected and actual earnings on pension plan investments	105,870	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	24,895	16,541
Council contributions subsequent to the measurement date	172,034	-
Total	<u>\$ 626,444</u>	<u>\$ 20,534</u>

\$172,034 reported as deferred outflows of resources related to pensions resulting 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 200,000
2020	143,161
2021	29,556
2022	61,159
2023	-
Thereafter	-
	<u>\$ 433,876</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, 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.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	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%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.00%. All rates of return and inflation are annualized.

NOTE F – PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Council’s proportionate share of the net pension asset to changes in the discount rate. The following presents the Council’s proportionate share of the net pension asset calculated using the discount rate of 7.0 percent, as well as what the Council’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Council's proportionate share of the net pension liability (asset)	\$ 1,852,605	\$ 771,248	\$ (132,350)

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.

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, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019 totaled \$126,878, which consisted of \$81,893 from the Council and \$66,541 from employees.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE G - OTHER EMPLOYMENT BENEFITS

The Council has also 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. The Council considers these contributions to be immaterial.

NOTE H – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred inflows and outflows of resources are comprised of the following:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 118,985
Changes of assumptions	204,660
Net difference between projected and actual earnings on pension plan investments	105,870
Changes in proportion and differences between Council contributions and proportionate share of contributions	24,895
Council contributions subsequent to the measurement date	172,034
Total deferred outflows of resources	<u>\$ 626,444</u>
	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,993
Changes in proportion and differences between Council contributions and proportionate share of contributions	16,541
Unearned revenue	288,542
Total deferred inflows of resources	<u>\$ 309,076</u>

NOTE I - 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 Council participates in a self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the Council obtains general liability and property coverage of equal to replacement cost values of owned property. The pool will pay the first \$500,000 of claims and is reinsured through a commercial company for single occurrence claims for up to an additional \$500,000.

The Council participates in a second self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the Council has worker's compensation coverage up to the statutory limits. The pool will pay up to the statutory limits for single occurrence claims. For worker's compensation, the pool purchases property reinsurance in excess of a \$500,000 retention.

The Council purchased a Public Officials Bond on the Finance Officer in the amount of \$90,000.

All Councils of Government in the State of North Carolina were created by State Statute to operate exclusively within the counties they serve. As a result, the Council is dependent upon funding it receives as a result of the award administration services it provides under the North Carolina General Statutes.

NOTE J - CONTINGENCIES

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 statement for the refund of grant monies.

NOTE K – LONG-TERM OBLIGATIONS

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. No payments were made during the year ended June 30, 2017 or 2018. However, principal and interest payments totaling \$368,574 were made on October 17, 2018.

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE K – LONG-TERM OBLIGATIONS (CONTINUED)

Future minimum lease payments for the lease obligation are as follows:

Year ended June 30:	
2020	\$ 122,858
2021	122,858
2022	122,858
2023	122,858
2024	122,858
Thereafter	<u>1,240,734</u>
	1,855,024
Less interest	<u>(486,884)</u>
Present value of minimum lease payments	1,368,140
Less current portion	<u>(66,766)</u>
Long-term lease obligation	<u><u>\$ 1,301,374</u></u>

Changes in long-term obligations for the fiscal year ended June 30, 2019 are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Long-term portion of facilities lease	\$ 1,609,394	\$ -	\$ 241,254	\$ 1,368,140	\$ 66,766
Long-term RLF program note	983,613	-	983,613	-	-
Net pension liability (LGERS)	502,926	268,322	-	771,248	-
Compensated absences	156,885	179,784	178,052	158,617	-
Governmental activity liabilities	<u>\$ 3,252,818</u>	<u>\$ 448,106</u>	<u>\$ 1,402,919</u>	<u>\$ 2,298,005</u>	<u>\$ 66,766</u>

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE L – LEASE OBLIGATIONS

The Council leases various pieces of equipment, such as copiers and postage meters. Rent expense for the year ended June 30, 2019, was \$25,653.

The following is a summary of future operating lease commitments:

	<u>Amount</u>
2020	\$ 26,520
2021	25,200
2022	24,258
2023	24,258
2024	5,309
Thereafter	-
	<u>\$ 105,545</u>

NOTE M – NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental</u>
Capital assets	\$ 1,226,381
Less capital debt	1,368,140
Net investment in capital asset	<u>\$ (141,759)</u>

LAND OF SKY REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE N – FUND BALANCE

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

Total fund balance - General Fund	\$ 3,724,875
Stabilization by State Statute	<u>3,634,452</u>
Remaining fund balance	<u><u>\$ 90,423</u></u>
Calculated as follows:	
Unrestricted cash and investments	\$ 1,905,798
Less liabilities:	(769,848)
Less encumbrances:	(756,985)
Less unearned revenue arising from cash receipts	<u>(288,542)</u>
Fund balance available for appropriation	90,423
Fund balance per fund balance sheet	<u>3,724,875</u>
Fund balance restricted by State Statute	<u><u>\$ 3,634,452</u></u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These encumbrances for the general fund amount to \$756,985 at June 30, 2019.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

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

LAND OF SKY REGIONAL COUNCIL
LAND OF SKY REGIONAL COUNCIL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS*

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Land of Sky Regional Council's proportion of the net pension liability (asset) (%)	0.03251%	0.03292%	0.03034%	0.02834%	0.04056%	0.04140%
Land of Sky Regional Council's proportion of the net pension liability (asset) (\$)	\$ 771,248	\$ 502,926	\$ 643,917	\$ 127,189	\$ (239,201)	\$ 499,029
Land of Sky Regional Council's covered-employee payroll	\$ 2,152,439	\$ 2,162,438	\$ 2,009,593	\$ 1,896,903	\$ 2,427,394	\$ 2,596,109
Land of Sky Regional Council's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	35.83%	23.26%	32.04%	6.71%	-9.85%	19.22%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

LAND OF SKY REGIONAL COUNCIL
LAND OF SKY REGIONAL COUNCIL'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 172,034	\$ 163,155	\$ 158,939	\$ 135,981	\$ 134,111	\$ 171,617
Contributions in relation to the contractually required contribution	172,034	163,155	158,939	135,981	134,111	171,617
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land of Sky Regional Council's covered-employee payroll	\$ 2,202,743	\$ 2,152,439	\$ 2,162,438	\$ 2,009,593	\$ 1,896,903	\$ 2,427,394
Contributions as a percentage of covered-employee payroll	7.81%	7.58%	7.35%	6.77%	7.07%	7.07%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

LAND OF SKY REGIONAL COUNCIL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal government	\$ 8,885,655	\$ 6,680,656	\$ (2,204,999)
State of North Carolina	1,996,895	1,736,347	(260,548)
Local governmental awards and membership dues	3,162,862	3,502,920	340,058
Facilities and other income	338,731	520,215	181,484
Private	109,327	64,936	(44,391)
In-kind	177,228	190,667	13,439
Interest income	-	20,711	20,711
Total revenues	<u>14,670,698</u>	<u>12,716,452</u>	<u>(1,954,246)</u>
Expenditures:			
General government			
Council operations	575,788	530,614	45,174
Overhead administration	-	(23,308)	23,308
Subtotal for general government	<u>575,788</u>	<u>507,306</u>	<u>68,482</u>
Human services			
Bunc Co Supplemental Funds for Aging Svcs	487,464	487,399	65
MIPPA - DAAS	9,139	18,841	(9,702)
Buncombe Co Aging Plan	34,671	34,671	-
Aging - Planning	324,761	257,176	67,585
Aging Funds P & A - State	48,262	48,261	1
Aging - Health Promotions	43,189	43,186	3
MAHEC Hlth Assessmnt	4,961	-	4,961
Community Resource Connections	30,000	30,000	-
Aging - Services	3,000,539	2,989,134	11,405
Senior Center Outreach & Gen Purpose	66,540	66,538	2
Project Fan/Heat Relief	5,429	5,429	-
Family Caregiver Support	313,216	311,922	1,294
FCSP Event	577	-	577
Project CARE carryover	9,593	-	9,593
Project CARE Admin	101,814	94,206	7,608
UNCA-ACL Fall Prevention	9,970	8,568	1,402
Bunc Co Health Promotion Pilot	18,631	18,631	-
CDSMP Self-sustaining	1,843	887	956
Regional Ombudsman	341,296	333,747	7,549
Elder Abuse	7,301	7,301	-
Bunc Co CAC Support	1,000	1,000	-
Just Press Play	6,108	2,305	3,803
Ombudsman/Elder Abuse Event	1,709	3,014	(1,305)

LAND OF SKY REGIONAL COUNCIL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
LT Care Ombudsman MFP	93,775	12,875	80,900
SCSEP-Local	1,172	948	224
Volunteer Svcs Fund-Raising	2,562	671	1,891
Foster Grandparent	380,179	365,892	14,287
Senior Companion	371,260	358,492	12,768
Subtotal for human services	<u>5,716,961</u>	<u>5,501,094</u>	<u>215,867</u>
Environmental protection			
WRP - EPA Source Reduction	45,501	37,714	7,787
Black Mountain EPA Watershed Mgmt	86,383	57,936	28,447
Subtotal for environmental protection	<u>131,884</u>	<u>95,650</u>	<u>36,234</u>
Economic and community development			
WRP - Buncombe Co Fire Dist Energy Assessments	18,384	1,969	16,415
WRP - Weatherization Review-Eliz City	3,734	3,734	-
WRP - Tobacco Trust Fund - Phase II	86,366	39,107	47,259
WRP - Duke Energy Water Projects-NCCF	17,785	17,785	-
WRP - Energy Assessments - AB Tech	11,638	8,811	2,827
WRP - Energy Assessments - Asheville City Schools	8,787	7,649	1,138
WRP - City of Durham	20,000	2,456	17,544
WRP - NCDEQ-SEP 6/1/18	25,000	21,215	3,785
WRP - Energy T/A for USI Prgm ND	2,110	271	1,839
DPPEA SWMTF WRP 7/15-6/18	50,000	50,000	-
WRP - City of AVL Water 7/16-6/17	15,000	15,000	-
WRP - Private ND	13,210	13,210	-
WRP - RUS Solid Waste	42,984	42,984	-
WRP - USDA REAP REDA 4/1/18-3/31/20	70,798	51,491	19,307
Montreat Payroll T/A	2,416	2,416	-
Laurel Park - Code Enforcement	25,000	2,862	22,138
EDA - 1/1/18-12/31/20	121,762	75,737	46,025
STW Inventories Rosan/Hot Springs	19,038	19,038	-
Mars Hill Park & Rec	4,500	4,500	-
Southwestern NC Commission	4,000	4,000	-
Mars Hill Zoning	8,700	8,700	-
Town of Blk Mtn - GIS & GPS Svcs - FY	4,000	4,000	-
Town of Fletcher-GIS Technical Assistance	2,000	-	2,000
ARC Lead Development District	96,564	96,564	-
ARC TA - Community Development 10/1/17-9/30/18	10,502	10,502	-
ARC TA - Community Development 10/1/18-9/30/19	20,625	7,238	13,387
ARC Lead Development District	79,038	79,038	-
ARC - Broadband	92,725	92,725	-
Hendersonville Downtown Revitalization	18,649	6,252	12,397

LAND OF SKY REGIONAL COUNCIL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Montreat & Biltmore Forest Planning & Zoning	68,256	68,256	-
CFWNC Agriventures ND	8,545	2,866	5,679
Mars Hill EDA WWT	24,500	6,787	17,713
Black Mtn EDA Water/Sewer	10,000	6,274	3,726
Brownfields Conference Fundraising ND	1,183	1,183	-
RUS - Solid Waste(EDC) 10/1/17-9/30/18	7,500	7,500	-
CDBG Marshall Infrastructure 6/6/15-9/30/19	74,550	73,721	829
Clean Air Campaign ND	18,644	9,166	9,478
CMAQ - DOT	37,000	36,478	522
DOE - Clean Cities Program Support ND	19,926	19,926	-
DOE- NETL Clean Cities 2/1/16-1/31/18 FG	103,476	33,815	69,661
REV, Recycling Education Vehicle ND	34,235	21,941	12,294
Riverweek ND	508	300	208
PRF - French Broad Stormwater	4,169	880	3,289
Subtotal for economic and community development	<u>1,307,807</u>	<u>978,347</u>	<u>329,460</u>
Transportation			
Rural Planning Organization	132,969	132,969	-
Mountain Mobility Admin	297,246	297,246	-
RIDE - (5317) New Freedom	167,870	83,651	84,219
Mountain Mobility-5317-EDTAP	25,000	21,142	3,858
Mountain Mobility Admin - RIDE	20,187	20,187	-
French Broad River MPO	373,136	372,765	371
FBR MPO Special Studies	1,537,338	177,325	1,360,013
TDM Coordinator	92,700	92,266	434
Buncombe Co NEMT Medical Transportation	1,016,000	767,193	248,807
Subtotal for transportation	<u>3,662,446</u>	<u>1,964,744</u>	<u>1,697,702</u>
Workforce development			
MAWD - Administration	284,482	129,993	154,489
WIOA Special Activities	500	-	500
MAWD - Adult Services	860,840	644,518	216,322
MAWD - Enhancement-Adult ED Lit.	95,000	-	95,000
MAWD - Enhancement-Adult ED Lit. Admin	5,000	-	5,000
MAWD - Maximize Carolina - Admin	7,050	7,050	-
MAWD - Maximize Carolina	59,704	59,704	-
MAWD - Dislocated Worker Services	605,311	481,711	123,600
MAWD - Dislocated Worker Services - Contingency Rapid	50,000	50,000	-
MAWD - Operations FLG	30,000	17,352	12,648
MAWD - Youth Svcs(out of school)	492,639	435,498	57,141

LAND OF SKY REGIONAL COUNCIL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
MAWD - Youth Svcs (In School)	155,257	140,951	14,306
MAWD - Finish Line Grant - AB Tech	50,000	35,602	14,398
MAWD - Finish Line Grant - Blue Ridge CC	25,000	3,968	21,032
MAWD - Innovation Fund Early Childhood	200,000	3,601	196,399
MAWD - Upskill Innovation	190,000	112,486	77,514
MAWD - Upskill Innovation - Admin	10,000	-	10,000
MAWD - Cost Sharing - Brochures	2,451	2,451	-
MAWD - Upskill Innovation Grant	66,153	66,153	-
MAWD - Enhancement - Workbase Learning	95,000	47,327	47,673
MAWD - Enhancemenet - Workbase Learning-Admin	5,000	3,500	1,500
MAWD - Career Pathways-Cont #3	55,000	47,441	7,559
MAWD - Business Services Support	25,000	25,000	-
MAWD - Business Service Support	75,000	35,491	39,509
MAWD - Dislocated Worker Services-Contingency	200,000	200,000	-
Subtotal for workforce development	<u>3,644,387</u>	<u>2,549,797</u>	<u>1,094,590</u>
Total expenditures	<u>15,039,273</u>	<u>11,596,938</u>	<u>3,442,335</u>
Fund balance appropriated	<u>368,575</u>	<u>-</u>	<u>368,575</u>
Net change in fund balance	<u>\$ -</u>	1,119,514	<u>\$ 1,119,514</u>
Fund balance, beginning		<u>2,605,362</u>	
Fund balance, ending		<u>\$ 3,724,876</u>	

LAND OF SKY REGIONAL COUNCIL
GENERAL FUND
INDIRECT COST CENTER - COMPUTATION OF
INDIRECT COST ALLOCATION RATE
For the Year Ended June 30, 2019

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Personnel Expenditures	
Salaries	\$ 387,412
Fringe Benefits	126,766
	<u>514,178</u>
Operating Expenditures	
Occupancy costs	182,322
Technology	139,401
Professional services	44,942
Leased equipment	25,653
Telephone and postage	29,865
Travel and training	27,434
Dues and subscriptions	21,330
Supplies	28,586
Copy and printing	7,115
Insurance	9,117
Repairs and maintenance	10,309
Retiree health	5,984
Miscellaneous	4,304
	<u>536,362</u>
Total indirect costs	<u>1,050,540</u>
Carryforward adjustment from prior year	<u>5,782</u>
Adjusted total indirect cost	<u>\$ 1,056,322</u>
Total personnel expenditures	\$ 2,993,711
Less personnel expenditures in indirect cost pool	514,178
Total personnel expenditures earning indirect costs	<u>\$ 2,479,533</u>
Allocation rate computation	
Indirect costs	\$ 1,050,540
Divided by personnel expenditures earning indirect costs	2,479,533
Allocation rate - as computed	<u>42.37%</u>
Indirect costs compared to provisional indirect amount	
Personnel expenditures earning indirect costs	\$ 2,479,533
Provisional rate	42.54%
Provisional indirect amount	1,054,793
Total indirect costs	<u>1,056,322</u>
Provisional indirect costs under actual indirect costs	<u>\$ (1,529)</u>

LAND OF SKY REGIONAL COUNCIL
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
AGENCY FUNDS
For the Year Ended June 30, 2019

	<u>Black Mountain Commerce Park</u>	<u>Carolina West</u>	<u>WNC Highway Corridors</u>	<u>Total Agency Funds</u>
Assets:				
Cash	<u>\$ 39,590</u>	<u>\$ 32,614</u>	<u>\$ 4,020</u>	<u>\$ 76,224</u>
Liabilities:				
Held in trust for other purposes	<u>\$ 39,590</u>	<u>\$ 32,614</u>	<u>\$ 4,020</u>	<u>\$ 76,224</u>

COMPLIANCE SECTION



cannon&company
Certified Public Accountants LLP

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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 financial statements of the governmental activities and each major fund of Land of Sky Regional Council as of and for the year ended 2019, and the related notes to the financial statements, which collectively comprises Land of Sky Regional Council's basic financial statements, and have issued our report thereon dated October 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Land of Sky Regional Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness: 2019-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 is required to be reported under *Government Auditing Standards*.

Land of Sky Regional Council's Response to Findings

Land of Sky Regional Council's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Land of Sky Regional 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.

Cannon & Company, L.L.P.

Winston-Salem, North Carolina

October 30, 2019



cannon&company
Certified Public Accountants L.L.P.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for Each Major Federal Program

We have audited 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 Land of Sky Regional Council's major federal programs for the year ended June 30, 2019. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 Land of Sky Regional Council's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2019.

Report on Internal Control Over Compliance

Management of 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 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.

Cannon & Company, L.L.P.

October 30, 2019



cannon&company
Certified Public Accountants L.L.P.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for Each Major State Program

We have audited 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, 2019. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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 Land of Sky Regional Council's compliance.

Opinion on Each Major State Program

In our opinion, 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, 2019.

Report on Internal Control over Compliance

Management of 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 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.

Cannon & Company, L.L.P.

October 30, 2019

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(s)	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(s) identified	<u> </u> Yes	<u> X </u> None reported

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Workforce Innovation and Opportunity Act Cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants
20.205	Highway Planning and Construction
	Aging Cluster:
93.044	Special Programs for the Aging - Title III - Part B Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging - Title III -Part C Nutrition Services
93.053	Nutrition Services Incentive Program

LAND OF SKY REGIONAL COUNCIL
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

MATERIAL WEAKNESS

2019-1 Over Appropriation of Fund Balance

Name of contact person: Justin Hembree, Executive Director

Corrective Action: Management and the governing board will closely monitor the budget with particular attention to fund balance appropriations. A focus will be on reducing the need for fund balance appropriations.

Proposed Completion Date: The Council will implement the above procedures immediately.

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

LAND OF SKY REGIONAL COUNCIL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2019

Finding: 2018-1

Status: The calculation for fund balance available mistakenly removed a payable due to the revolving loan fund. Subsequent to the appropriation of fund balance in 2019, the Council has found that the payable will not have to be repaid and has removed the payable from their financial records. The Council is also implementing plans and monitoring processes to prevent the need for fund balance appropriation.

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
FEDERAL AWARDS					
U.S. DEPARTMENT OF AGRICULTURE					
Rural Energy for America Program	10.868	N/A	\$ 30,041	\$ -	\$ -
Solid Waste Management Grants	10.762	N/A	50,484	-	-
Total U.S. Department of Agriculture			80,525	-	-
U.S. DEPARTMENT OF COMMERCE					
Economic Development-Support for Planning Organizations	11.302	N/A	75,737	-	-
Total U.S. Department of Commerce			75,737	-	-
U.S. DEPARTMENT OF ENERGY					
Conservation Research and Development	81.086	N/A	33,815	-	-
Passed through N.C. Department of Environmental Quality					
Energy Efficiency and Renewable Energy	81.041	7541	21,215	-	-
Total U.S. Department of Energy			55,030	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through the N.C. Department of Health & Human Services:					
Passed through the Division of Aging and Adult Services:					
Special Programs for the Aging -					
Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect & Exploitation	93.041	18/19AANCT7EA	6,203	365	-
Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	18/19AANCT7OM	46,991	2,764	-
Title III, Part D-Disease Prevention & Health Promotion Services	93.043	18/19AANCT3PH	36,711	2,156	-
Total Special Programs for the Aging			89,905	5,285	-
Aging Cluster					
Special Programs for the Aging - Title III-B					
Title III, Part B-Grants for Supportive Services & Senior Centers	93.044	18/19AANCT3SS	999,849	1,232,894	1,922,643
Special Programs for the Aging - Title III-B			999,849	1,232,894	1,922,643
Special Programs for the Aging - Title III-C					
Title III, Part C1, Nutrition Services	93.045	18/19AANCT3CM	404,622	23,403	323,458
Title III, Part C2, Nutrition Services	93.045	18/19AANCT3HD	320,952	197,447	518,399
Nutrition Services Incentive Program (NSIP)	93.053	18/19AANCNSIP	123,053	-	123,053
Total Aging Cluster			1,848,476	1,453,744	2,887,553
National Family Caregiver Support - Title III-E					
Social Services Block Grant	93.052	18/19AANCT3FC	329,707	21,538	124,138
Passed through the N.C. Department of Health and Human Services, Division					
Money Follows the Person Demonstration Project	93.667	N/A	98,757	2,822	101,579
Passed through NC Dept.of Insurance, SHIIP Division					
Medicare Enrollment Assistance Program	93.071	14AANCMAAA & 14AANCMADR	18,842	-	18,842
Passed through the University of North Carolina at Asheville:					
Evidence-Based Falls Prevention Programs	93.761	18-007	8,568	-	-
Total U.S. Department of Health and Human Services			2,405,029	1,485,490	3,142,237
U.S. DEPARTMENT OF LABOR					
Passed through NC Department of Commerce, Division of Workforce					
WIOA-Adult Program	17.258	N/A	711,272	-	371,325
WIOA-Dislocated Worker Formula Grants	17.278	N/A	731,711	-	387,740
WIOA-Youth Activities	17.259	N/A	841,621	-	717,362
WIOA-Administrative Cost Pool	17.258-17.278	N/A	129,993	-	-
WIOA-Statewide Innovation, Work Base Learning and Statewide Finish Line	17.278	N/A	110,200	-	104,249
Total Workforce Innovation and Opportunity Act Cluster			2,524,797	-	1,580,676
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.278	N/A	25,000	-	-
Total U.S. Department of Labor			2,549,797	-	1,580,676
APPALACHIAN REGIONAL COMMISSION					
Appalachian Area Development	23.002	NC-706-B-C45-R1-18	48,282	-	-
Appalachian Area Development	23.002	NC-706-B-C46-19	39,519	-	-
Appalachian Area Development	23.002	NC-18709-17	46,673	-	-
Total Appalachian Regional Commission			134,474	-	-

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures		Passed Through to Subrecipients
			Federal	State	
U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL HIGHWAY ADMINISTRATION:					
Passed through NC Department of Transportation					
Highway Planning Construction	20.205	C-5612C/WBS 43734.4.1	36,478	-	-
Highway Planning Construction, State Planning & Research/PL 104(f) Funds	20.205-5	WBS 48629.1.1	298,212	-	-
Highway Planning Construction, State Planning & Research/PL 104(f) Funds	20.205-5	WBS 48275.1.1	176,419	-	142,901
Highway Planning Construction, State Planning & Research Rural Planning Organization Program	20.205-8	WBS 47551.1.9	106,375	-	-
Enhanced Mobility of Seniors & Individuals With Disabilities	20.513	19-ED-932	7,165	-	-
Passed through City of Asheville					
Enhanced Mobility of Seniors & Individuals With Disabilities	20.513	NC-2018-043-00	27,354	-	-
Total Federal Highway Administration			652,003	-	142,901
ENVIRONMENTAL PROTECTION AGENCY					
Nonpoint Source Implementation Grants					
Source Reduction Assistance	66.460	7077	34,761	-	18,470
Passed through N.C. Department of Environmental Quality					
205(j) Water Quality Management Planning	66.454	7754	1,570	-	-
205(j) Water Quality Management Planning	66.454	7413	14,834	-	-
Total Environmental Protection Agency			88,880	-	18,470
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
Foster Grandparent/Senior Companion Cluster					
Foster Grandparent Program	94.011	17SFSNC001	327,313	-	-
Senior Companion Program	94.016	17SCSNC001	311,868	-	-
Total FGP/SCP Cluster			639,181	-	-
Total Corporation for National and Community Service			639,181	-	-
Total Federal Awards			6,680,656	1,485,490	4,884,284
STATE AWARDS					
N.C. Department of Environmental Quality					
Waste Reduction Partners-Solid Waste Reduction Grant		7495	-	50,000	-
Waste Reduction Partners-Energy Technical Assistance for USI Program		N/A	-	271	-
Total N.C. Department of Environmental Quality			-	50,271	-
N.C. Department of Health and Human Services					
Division of Aging and Adult Services					
Senior Center General Purpose Funding		N/A	-	49,906	49,906
State AAA Administrative Cost		N/A	-	48,261	-
Total N.C. Department of Health and Human Services			-	98,167	49,906
N.C. Department of Commerce					
Appalachian Regional Commission-Local Government Technical Assistance					
Appalachian Regional Commission-Local Government Technical Assistance		CWP-19-B	-	7,238	-
		CWP-18-B	-	10,502	-
Total N.C. Department of Commerce			-	17,740	-
N.C. Department of Transportation					
FY2016 Rideshare Program		WBS 36225.10.4.1	-	45,572	-
Total N.C. Department of Transportation			-	45,572	-
N.C. Tobacco Trust Fund Commission					
Agriculture Plastics Recycling		2016-015-06	-	39,107	-
Total N.C. Tobacco Trust Fund Commission			-	39,107	-
Total State Awards			-	250,857	49,906
Total Federal and State Awards			\$ 6,680,656	\$ 1,736,347	\$ 4,934,190

LAND OF SKY REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Notes to the Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Land of Sky Regional Council and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. The schedule is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2. Indirect Cost Rate

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