

CENTRALINA REGIONAL COUNCIL

ANNUAL FINANCIAL REPORT AND COMPLIANCE REPORTS

As of and for the Year Ended June 30, 2023

And Reports of Independent Auditor

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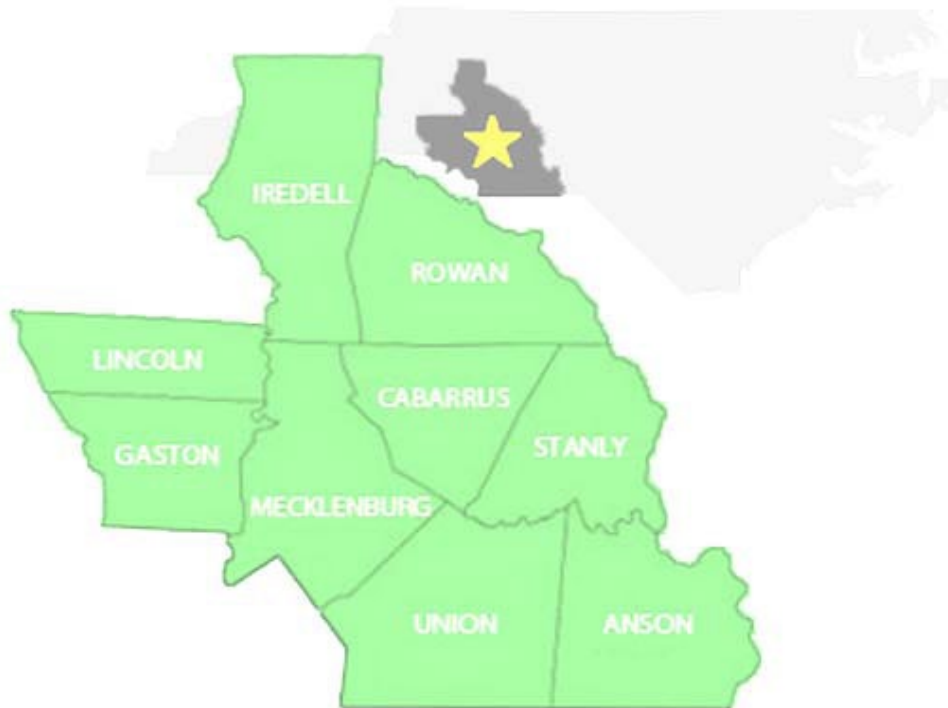
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Financial Section

Report of Independent Auditor

To the Board of Delegates
Centralina Regional Council
Charlotte, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of Centralina Regional Council (“Centralina”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively, comprise Centralina’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and each major fund of Centralina Regional Council, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Centralina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Centralina's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Centralina's basic financial statements. The accompanying individual fund schedules and schedule of expenditures of federal and State awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 and 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements for the years ended June 30, 2023 and 2022, as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, the financial statements of the governmental activities, discretely presented component unit and each major fund of Centralina as of and for the year ended June 30, 2022 (none of which is presented herein), and we expressed unmodified opinions on those basic financial statements. Those audits were conducted for purposes of forming an opinion on the basic financial statements as a whole. The accompanying individual fund schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the accompanying individual fund schedules is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of Centralina'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Centralina's 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 Centralina's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Charlotte, North Carolina
November 7, 2023

CENTRALINA REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

This section of the financial report of Centralina Regional Council ("Centralina") represents discussion and analysis of the performance of Centralina for the year ended June 30, 2023. This information should be read in conjunction with the audited financial statements included in this report.

Since 1968, Centralina has been dedicated to serving the needs of the nine-county Greater Charlotte region. Centralina addresses area-wide issues and opportunities by offering planning, coordination, advocacy, and technical assistance services. Our neutral platform and regional framework allow local leaders to work together to create holistic solutions that will advance our region.

Centralina is currently operating under a three-year Strategic Plan (2022-2025) that serves as a roadmap for organizational growth and fiscal stability in service of our mission and in line with our core values. The plan was informed by robust engagement with our staff, Board, and regional stakeholders. The plan is flexible, but demonstrates our firm commitment to organizational excellence, fiscal responsibility, and service. Annual workplans approved by the Board guide our priorities and activities for each fiscal year.

Vision: Centralina is a collaborative organization and trusted partner leading the region, communities, and individuals towards a thriving future.

Mission: Centralina's mission is to lead regional collaboration and sparks local action to expand opportunity and improve quality of life. We do this through creative problem solving, innovative service delivery, and support to our local governments.

Goals:

1. Lead regional engagement to prepare, plan, and act on issues that respond to today's needs and tomorrow's opportunities.
2. Build local government capacity, efficiency, and innovation in service to Centralina communities and the region.
3. Grow our portfolio of person-centered services that enhance an individual's ability to thrive in their careers and in their communities.
4. Strive for organizational excellence by investing in our employees, promoting our work, and building efficient systems.

Centralina delivers programs and services in support of these goals through the work of our six departments:

- **Centralina Regional Planning** fosters collaboration and looks strategically at our region's interconnected systems of land use, transportation, and economy. It helps local governments create places of lasting value through comprehensive and mutually beneficial strategies and results.
- **Centralina Community Economic Development** addresses regional economic opportunities and challenges. It offers technical assistance, staff, and expertise to communities and helps leverage resources to improve housing, public infrastructure, and downtown revitalizations.
- **Centralina Area Agency on Aging** identifies needs and delivers critical services to support older and disabled adults. Through programming, planning, technical assistance, and direct services, it helps residents feel like valued members of their communities.

CENTRALINA REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

- **Centralina Workforce Development Board** solves the needs of employers and career seekers across our region to create a thriving workforce. Through services and programming, it ensures the development and training needs of our area are met so that we remain a competitive player in the global economy.
- **Centralina Government Affairs and Member Engagement** helps us deliver value to member governments and regional stakeholders. It supports our departments and creates opportunities for relationship building, information exchange, advocacy, and strategic support.
- **Centralina Administration and Finance** oversees the coordination, implementation and monitoring of administrative and financial activities within Centralina and in consultation with the Board of Delegates.

The following summary of activities for the year ended June 30, 2023; the organization's annual report includes additional details about case study projects, maps, and photos to further illustrate the impact of Centralina's work over the fiscal year.

Organization Wide Accomplishments

- Completed or initiated 95% or 59 of the planned 62 activities in our FY23 workplan.
- Completed the region's 5-year Comprehensive Economic Development Strategy, Prosperity for All.
- Launched the Advancing the Plan Committee of the Centralina Board to guide CONNECT Beyond implementation.
- Completed an award-winning regional transportation guide for older adults.
- Leveraged new federal funding opportunities by applying for over \$5 million in federal grants to support transportation, economic development, and resilience planning.
- Launching a state advocacy agenda and continuing to build relationships with our state and federal representatives.
- Expanded the professional development learning programming series Centralina Learns to engage over 175 local government professionals events
- Hosted over regional 200 peer network and project development meetings.
- Supported over 30 local governments with a range of technical assistance services from HR and strategic planning to code enforcement, planning, and grants administration.
- Continued to provide support, advise and technical assistance to members about the American Rescue Plan Act (ARPA) spending and project implementation.
- Evolved our portfolio of programs for older adults and caregivers to better serve our most rapidly growing demographic in the region.

Service Reach for Workforce and Aging

- 1,424 employers served with 20,200 services
- 15,236 career seekers served through NCWorks Career Centers including 264 workshop participants
- 14,524 job referrals
- 16,370 career seekers served
- 15,236 career seekers visited a NCWorks Centralina site
- 43 sponsored adult and youth job seeker work experiences
- 35 on-the-job training partnerships with local employers
- 53 new trained lay leaders (Aging)
- 43 workshops with 471 participants
- 11 webinars hosted with 1,248 participants and 519 post-event views
- 11,250 COVID tests distributed to aging service providers, caregivers, and older adults
- 10,692 Second Harvest Boxes delivered

CENTRALINA REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

Centralina Operations & Services Highlights

Centralina invested significant resources and time into additional enhancements to our internal systems and operations during the year. The organization began the first phase of implementing the completed pay and classification study. Centralina Directors, Assistant Directors, and selected managers participated in a leadership development program this year to enhance their skills and apply new learning to the management of their teams. Several changes were made to the organizational structure of the organization to better align Planning and CED departments for collaboration; and to create additional management positions to the Aging department to enhance productivity and provide leadership opportunities for staff. Centralina staff engagement activities this year included two service projects in the region and enhanced monthly staff meetings to build internal awareness of departments and their key projects.

Overview of the financial statements

The audited financial statements of Centralina consist of three components. They are as follows:

- Management's Discussion and Analysis
- Basic Financial Statements
- Individual Fund Statements and Schedules that present comparative balance sheets for the General Fund and Special Revenue Fund, budgetary statement for the Component Unit, and computation of the indirect cost allocation rate

The *Basic Financial Statements* include two types of statements that present different views of Centralina's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of Centralina's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are classified in the order of relative liquidity for assets and deferred outflows and due date for liabilities and deferred inflows. This statement provides a summary of Centralina's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes Centralina's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for Centralina's major governmental funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near-term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The fund financial statements focus on Centralina's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about Centralina as an economic unit, while the fund financial statements provide information on the financial resources of Centralina's major funds.

CENTRALINA REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

Government-Wide Statements

The government-wide statements report information about Centralina as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of Centralina's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report Centralina's net position and how they have changed. A review of net position (i.e., the difference between Centralina's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the entity's financial health or position.

The government-wide statements are divided into two categories:

- *Governmental Activities* – All of Centralina's basic services are included here.
- *Component Unit* – Although legally separate from Centralina, the Centralina Workforce Development Consortium is important to Centralina because Centralina provides all managerial and accounting functions for the Consortium and the Consortium is for the benefit of residents of seven of the nine counties in the geographic area of Centralina.

The government-wide statements are shown as Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about Centralina's funds, focusing on its most significant or "major" funds – not the government as a whole. Funds are accounting devices Centralina uses to keep track of specific sources of funding and spending on particular programs. Centralina established funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Special Revenue – Grant Project Fund. All of Centralina's funds are governmental funds.

Governmental Funds: All of Centralina's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance Centralina's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. Centralina has two governmental funds: the General Fund and the Special Revenue Fund.

CENTRALINA REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

The governmental fund statements are shown as Exhibits C, D, E, F, G, and H of this report.

Government-Wide Financial Analysis

Condensed Statement of Net Position for Government Activities
As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 4,826,804	\$ 4,874,736
Noncurrent assets	2,341,016	2,693,972
Total Assets	<u>7,167,820</u>	<u>7,568,708</u>
Deferred outflows of resources	<u>1,464,927</u>	<u>964,064</u>
Current liabilities	4,096,889	4,205,840
Noncurrent liabilities	<u>4,535,467</u>	<u>3,129,491</u>
Total Liabilities	<u>8,632,356</u>	<u>7,335,331</u>
Pension deferrals	23,037	845,823
OPEB deferrals	<u>148,635</u>	<u>145,166</u>
Total Deferred Inflows of Resources	<u>171,672</u>	<u>990,989</u>
Net investment in capital assets	278,781	290,739
Restricted	1,067,450	688,475
Unrestricted net position	<u>(1,517,412)</u>	<u>(772,762)</u>
Total Net Position	<u>\$ (171,181)</u>	<u>\$ 206,452</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. Liabilities and deferred inflows exceeded assets and deferred outflows by \$171,181 as of June 30, 2023. As of June 30, 2022, the assets and deferred outflows exceeded liabilities and deferred inflows by \$206,452. Centralina's net position decreased \$377,633 and increased \$173,499 for the fiscal years ended June 30, 2023 and 2022, respectively. The net position decrease year-over-year is due primarily to increase in net pension liability.

CENTRALINA REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

Fund Financial Statements

Condensed Statement of Revenue, Expenditures, and Changes in Fund Balance
Non-GAAP - Governmental Funds
As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue:		
Restricted intergovernmental revenues	\$ 18,910,237	\$ 18,592,069
Technical assistance contracts	1,088,808	1,180,164
Other program revenue	643,976	618,663
Interest and other earnings	33,111	1,851
Member dues and contributions	929,201	908,409
Total Revenues	<u>21,605,333</u>	<u>21,301,156</u>
Expenses:		
General government	1,404,948	472,427
Transportation	684,453	577,351
Environmental protection	258,655	137,728
Economic and physical development	1,241,703	1,636,427
Human services	17,467,100	17,474,988
Workforce development	926,107	828,736
Total Expenses	<u>21,982,966</u>	<u>21,127,657</u>
Excess of Revenues Over (Under)		
Expenditures	(377,633)	173,499
Beginning net position	206,452	32,953
Ending net position	<u>\$ (171,181)</u>	<u>\$ 206,452</u>

Financial Analysis of Centralina's Funds

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

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

The General Fund is the chief operating fund of Centralina. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$175,098, while total fund balance amounted to \$1,335,036. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance for fiscal year ending 2023 represents 18.29% of total General Fund expenditures which is an increase over fiscal year ending 2022 which was 13.66%.

CENTRALINA REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

General Fund Budgetary Highlights: During the fiscal year, Centralina 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, technical and assistance contracts, and other services; and (3) increases in appropriations that become necessary to maintain services.

Capital Assets

Centralina's net investment in capital assets for its governmental activities as of June 30, 2023 totals \$278,781 (net of accumulated depreciation and amortization). These assets include the financial software system, vehicles, furniture, fixtures and equipment, leasehold improvements, and right-to-use lease assets.

Next Year's Roadmap

Next fiscal year will be the second implementation year of the strategic plan. The Board-approved FY23-24 workplan outlines specific actions related to each of the new strategic plan goals. To ensure alignment of strategy and resources, department workplans, and budgets support the organizational workplan and budget. Progress on the workplan is reported quarterly, while success stories are documented and shared throughout the year.

Key Initiatives for FY2023-24

- Continuing to implement key recommendations of *CONNECT Beyond, Prosperity for All* regional plans and providing guidance to local governments in how they can support implementation.
- Launching new programming directed at supporting the unique needs of smaller local governments in our region.
- Beginning work on regional resilience, climate, and digital inclusion planning.
- Continued development of new, innovative services for supporting older adults during COVID-19, including preparing for the reduction in federal ARPA funding and its impact across the region.
- Supporting dislocated workers, career seekers, and businesses in need of workforce services.
- Developing and submitting applications for federal competitive grants to support work in economic development, transportation, resilience, and other areas.
- Transitioning to a new IT managed service provider and enhancing organization wide cyber security practices.

Request for Information

This report is intended to provide a summary of the financial condition of Centralina Regional Council. Questions or requests for additional information should be addressed to:

Denise M. Strosser, Finance Director
Centralina Regional Council
10735 David Taylor Drive, Suite 250
Charlotte, North Carolina 28262



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BASIC FINANCIAL STATEMENTS



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CENTRALINA REGIONAL COUNCIL
STATEMENT OF NET POSITION

EXHIBIT A

JUNE 30, 2023

	Primary Government	Component Unit
	Governmental Activities	Workforce Development Consortium
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,177,959	\$ -
Accounts receivables	35,005	-
Due from other governments	2,559,019	341,354
Prepaid items	54,821	-
Total Current Assets	4,826,804	341,354
Noncurrent Assets:		
Capital Assets:		
Right-to-use lease assets, net of amortization	2,062,235	-
Furniture, fixtures, and equipment, net of depreciation and disposition	278,781	-
Total Noncurrent Assets	2,341,016	-
Total Assets	7,167,820	341,354
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan in current fiscal year	408,461	-
Contributions to OPEB plan in current fiscal year	80	-
Pension deferrals	1,033,345	-
OPEB deferrals	23,141	-
Total Deferred Outflows of Resources	1,465,027	-

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

CENTRALINA REGIONAL COUNCIL
STATEMENT OF NET POSITION

EXHIBIT A
continued

JUNE 30, 2023

	Primary Government	Component Unit
	Governmental Activities	Workforce Development Consortium
LIABILITIES		
Current Liabilities:		
Accounts and grants payable	\$ 3,025,741	\$ 341,354
Due to component unit	-	-
Current portion of long term liabilities	567,454	-
Accrued Payroll	85,863	-
Unearned revenue	417,831	-
Total Current Liabilities	<u>4,096,889</u>	<u>341,354</u>
Noncurrent Liabilities:		
Net pension liability	2,137,537	-
Total OPEB liability	272,482	-
Noncurrent portion of long-term liabilities	2,125,448	-
Total Liabilities	<u>4,535,467</u>	<u>-</u>
Total Liabilities	<u>8,632,356</u>	<u>341,354</u>
DEFERRED INFLOWS OF RESOURCES:		
Pension deferrals	23,037	-
OPEB deferrals	148,635	-
Total Deferred Inflows of Resources	<u>171,672</u>	<u>-</u>
NET POSITION:		
Net investment in capital assets	278,781	-
Restricted:		
Stabilization by State Statute	1,067,450	-
Unrestricted	(1,517,412)	-
Total Net Position	<u>\$ (171,181)</u>	<u>\$ -</u>

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

CENTRALINA REGIONAL COUNCIL
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>
Primary Government:		
Governmental Activities:		
General government	\$ 2,688,319	\$ (1,283,371)
Transportation	523,793	160,660
Environmental protection	194,344	64,311
Economic and physical development	984,697	257,006
Human services	16,864,667	602,433
Workforce development	727,146	198,961
Total Primary Government	<u>\$ 21,982,966</u>	<u>\$ -</u>
Component Unit:		
Workforce Development Consortium	\$ 3,107,072	\$ -
Total Component Unit	<u>\$ 3,107,072</u>	<u>\$ -</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	Component Unit
Charges for Services	Operating Grants and Contributions	Governmental Activities	Workforce Development Consortium
\$ 224,258	\$ 188,479	\$ (992,211)	\$ -
242,302	194,635	(247,516)	-
40,638	205,480	(12,537)	-
795,423	373,911	(72,369)	-
430,155	17,021,633	(15,312)	-
8	926,099	-	-
<u>\$ 1,732,784</u>	<u>\$ 18,910,237</u>	<u>(1,339,945)</u>	<u>-</u>
<u>\$ 90,250</u>	<u>\$ 3,016,822</u>	<u>-</u>	<u>-</u>
<u>\$ 90,250</u>	<u>\$ 3,016,822</u>	<u>-</u>	<u>-</u>
General Revenues:			
Member dues and contributions		929,201	-
Unrestricted investment earnings		33,111	-
Total General Revenues		962,312	-
Change in net position		(377,633)	-
Net position - beginning		\$ 206,452	\$ -
Net position - ending		\$ (171,181)	\$ -

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



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FUND FINANCIAL STATEMENTS

CENTRALINA REGIONAL COUNCIL
BALANCE SHEET - GOVERNMENTAL FUNDS

EXHIBIT C

JUNE 30, 2023

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Revenue Fund</u>	
ASSETS			
Cash and investments	\$ 2,177,959	\$ -	\$ 2,177,959
Receivables	35,005	-	35,005
Due from other governments	1,032,445	1,526,574	2,559,019
Due from general fund	-	1,283,386	1,283,386
Prepayments	92,488	-	92,488
Total Assets	<u>\$ 3,337,897</u>	<u>\$ 2,809,960</u>	<u>\$ 6,147,857</u>
LIABILITIES			
Accounts and grants payable	\$ 215,790	\$ 2,809,951	\$ 3,025,741
Due to special revenue fund	1,283,386	-	1,283,386
Due to component unit	-	-	-
Accrued payroll	85,863	-	85,863
Unearned revenue	417,822	9	417,831
Total Liabilities	<u>2,002,861</u>	<u>2,809,960</u>	<u>4,812,821</u>
FUND BALANCES			
Nonspendable:			
Prepayments	92,488	-	92,488
Restricted:			
Stabilization by State Statute	1,067,450	-	1,067,450
Unassigned	175,098	-	175,098
Total Fund Balances	<u>1,335,036</u>	<u>-</u>	<u>1,335,036</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,337,897</u>	<u>\$ 2,809,960</u>	<u>\$ 6,147,857</u>

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

CENTRALINA REGIONAL COUNCIL
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

EXHIBIT D

JUNE 30, 2023

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Ending fund balance - governmental funds		\$	1,335,036
Prepaid lease deposits recognized as a leased asset in governmental activities			(37,667)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			2,341,016
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.			408,461
Contributions to OPEB plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.			80
Pension related deferrals			1,010,308
OPEB related deferrals			(125,494)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liability	(2,137,537)		
Total OPEB liability	(272,482)		
Compensated absences	(535,491)		
Lease liability	(2,094,969)		
Other long-term liability	(62,442)		
Net Position of Governmental Activities		\$	<u>(171,181)</u>

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

CENTRALINA REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

EXHIBIT E

YEAR ENDED JUNE 30, 2023

	Major Funds		Total Governmental Funds
	General	Special Revenue Fund	
Revenues:			
Restricted intergovernmental revenues	\$ 4,641,104	\$ 14,269,133	\$ 18,910,237
Technical assistance contracts	1,088,808	-	1,088,808
Other program revenue	643,953	23	643,976
Interest and other	33,111	-	33,111
Member dues and contributions	929,201	-	929,201
Total Revenues	<u>7,336,177</u>	<u>14,269,156</u>	<u>21,605,333</u>
Expenditures:			
General government	990,459	-	990,459
Transportation	684,453	-	684,453
Environmental protection	258,655	-	258,655
Economic and physical development	1,241,703	-	1,241,703
Human services	3,197,944	14,269,156	17,467,100
Workforce development	926,107	-	926,107
Total Expenditures	<u>7,299,321</u>	<u>14,269,156</u>	<u>21,568,477</u>
Excess of Revenues Over (Under) Expenditures	<u>36,856</u>	<u>-</u>	<u>36,856</u>
Net Change in Fund Balance	36,856	-	36,856
Fund Balances - July 1	<u>1,298,180</u>	<u>-</u>	<u>1,298,180</u>
Fund Balances - June 30	<u><u>\$ 1,335,036</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,335,036</u></u>

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

CENTRALINA REGIONAL COUNCIL**EXHIBIT F****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES***YEAR ENDED JUNE 30, 2023*

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

Net change in fund balances - total governmental funds	\$	36,856
<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.</p>		
Capital Outlay	53,334	
Amortization expense	(340,998)	
Depreciation expense	<u>(65,292)</u>	(352,956)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		408,461
Pension expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(625,965)
OPEB benefit payments made in current fiscal year are not included on the Statement of Activities		80
OPEB expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		751
The incurrence of lease liability provides current financial resources to governmental funds, while the repayment of the principal of lease liability consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This is the amount by which lease liabilities incurred exceed total principal payments made under those lease liabilities		266,784
Recording of the net adjustment to the obligation for compensated absences		(116,644)
Payment on accrued litigation		<u>5,000</u>
Change in net position of governmental activities	<u>\$</u>	<u>(377,633)</u>

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

CENTRALINA REGIONAL COUNCIL

EXHIBIT G

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ANNUAL BUDGET AND ACTUAL - NON-GAAP - GENERAL FUND**

YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Restricted intergovernmental revenues	\$ 5,699,605	\$ 5,247,806	\$ 4,641,104	\$ (606,702)
Technical assistance contracts	621,569	1,742,675	1,088,808	(653,867)
Other program revenue	257,473	913,594	643,953	(269,641)
Fund Balance Appropriated and Transferred	-	-	-	-
Interest and other	1,000	37,060	33,111	(3,949)
Member dues and contributions	929,000	930,000	929,201	(799)
Total Revenues	7,508,647	8,871,135	7,336,177	(1,534,958)
Expenditures:				
Current:				
General Government:				
Member services, Board and committees	225,000	703,120	655,283	47,837
Management and business operations	1,935,000	1,712,950	1,548,796	164,154
Information technology and data service	165,000	233,860	199,482	34,378
Indirect costs representation	(1,620,000)	(1,472,527)	(1,413,102)	(59,425)
Total General Government	705,000	1,177,403	990,459	186,944
Transportation:				
Planning assistance and administration	410,053	784,846	684,453	100,393
Total Transportation	410,053	784,846	684,453	100,393
Environmental Protection:				
Planning assistance and administration	137,499	263,174	258,655	4,519
Total environmental protection	137,499	263,174	258,655	4,519
Economic and Physical Development:				
Planning assistance and administration	72,957	139,641	113,207	26,434
Economic program initiative	696,188	1,224,023	1,128,496	95,527
Total Economic and Physical Development	769,145	1,363,664	1,241,703	121,961
Human Services:				
Area agency on aging	4,656,950	4,330,421	3,197,944	1,132,477
Workforce development	830,000	951,627	926,107	25,520
Total Expenditures	7,508,647	8,871,135	7,299,321	1,571,814
Revenues Over Expenditures	\$ -	\$ -	36,856	\$ 36,856
Fund Balances - July 1			1,298,180	
Fund Balances - June 30			\$ 1,335,036	

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

CENTRALINA REGIONAL COUNCIL

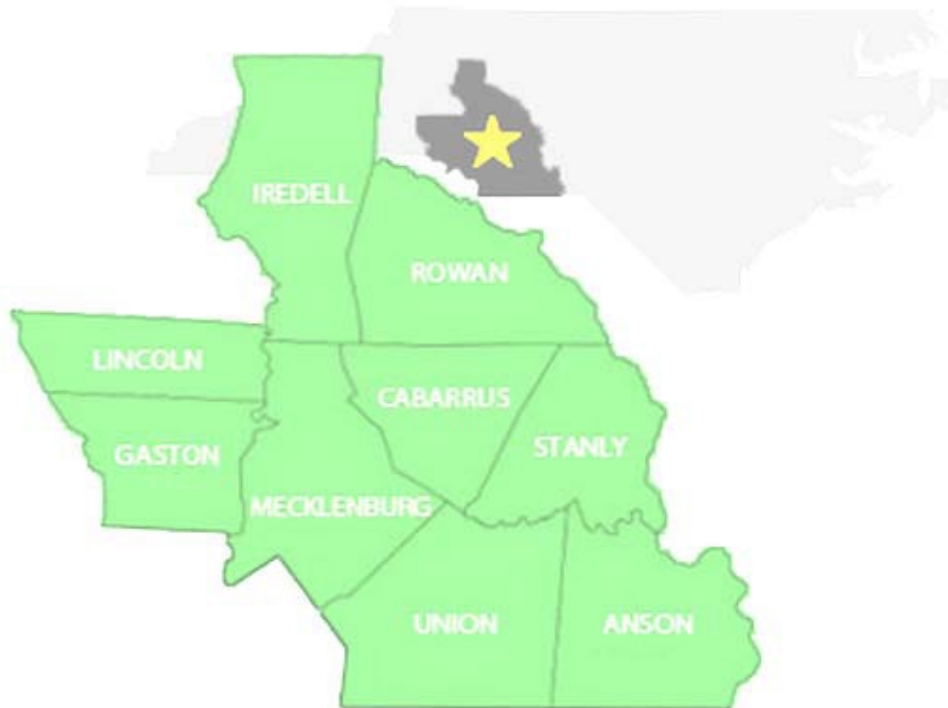
EXHIBIT H

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ANNUAL BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Restricted Intergovernmental Revenues:				
Aging Pass-through Funds:				
HCC Block Grant	\$ 9,850,000	\$ 11,600,000	\$ 11,250,776	\$ 349,224
USDA/NSIP Supplement	650,000	650,000	608,875	41,125
Title III-B legal	85,000	202,922	150,246	52,676
Family Caregiver	520,000	572,818	587,921	(15,103)
Disease Prevention/Health Promotion	40,000	52,300	35,100	17,200
State Senior Center General Purpose	120,000	116,616	116,396	220
Heat Fan Relief	15,000	14,400	14,386	14
Supplemental Nutrition	-	45,973	46,985	(1,012)
ARPA Support Services	-	209,103	315,382	(106,279)
ARPA Congregate Nutrition	-	1,727,801	806,699	921,102
ARPA Home Delivered meals	-	1,107,478	336,390	771,088
Total Aging Revenue	<u>11,280,000</u>	<u>16,299,411</u>	<u>14,269,156</u>	<u>2,030,255</u>
Expenditures:				
Grant Related Expenditures:				
Aging Pass-through Funds:				
HCC Block Grant	9,850,000	11,600,000	11,250,776	349,224
USDA/NSIP Supplement	650,000	650,000	608,875	41,125
Title III-B legal	85,000	202,922	150,246	52,676
Family Caregiver	520,000	572,818	587,921	(15,103)
Disease Prevention/Health Promotion	40,000	52,300	35,100	17,200
State Senior Center General Purpose	120,000	116,616	116,396	220
Heat Fan Relief	15,000	14,400	14,386	14
Supplemental Nutrition	-	45,973	46,985	(1,012)
ARPA Support Services	-	209,103	315,382	(106,279)
ARPA Congregate Nutrition	-	1,727,801	806,699	921,102
ARPA Home Delivered meals	-	1,107,478	336,390	771,088
Total Aging Expenditures	<u>11,280,000</u>	<u>16,299,411</u>	<u>14,269,156</u>	<u>2,030,255</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances - July 1			-	
Fund Balance - June 30			<u>\$ -</u>	

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



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CENTRALINA REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Summary of significant accounting policies

The accounting policies of Centralina Regional Council (“Centralina”) and its discretely presented component unit conform to generally accepted accounting principles (“U.S. GAAP”) as applicable to governments. Significant accounting policies are as follows:

Reporting Entity – Centralina Regional Council is a public authority which is governed by a Board of Delegates composed of 64 elected officials.

As required by U.S. GAAP, these financial statements present Centralina and its component units, as legally separate entities for which Centralina is financially accountable. The Centralina Workforce Development Consortium, a discretely presented component unit, is reported in a separate column in Centralina’s financial statements in order to emphasize that it is legally separate from Centralina. Centralina Foundation, Inc.; Centralina Economic Development Commission, Inc.; and Centralina Connection, Inc. are presented as blended component units. The blended presentation method presents component units as a department of Centralina and offers no separate presentation as with the discrete method.

Centralina Workforce Development Consortium – Centralina does not appoint the governing board of the Centralina Workforce Development Consortium (the “Consortium”); however, the seven members of the Consortium are members of Centralina. The Consortium is a discretely presented component unit which is reported separately within Centralina’s financial statements to emphasize that it is legally separate from the primary government. Centralina is financially accountable for the Consortium. Centralina provides all managerial and accounting functions for the Consortium under an administrative agreement, which includes the preparation and adoption of budgets. Title to all assets and liabilities of the Consortium are held by Centralina. If the Consortium were to dissolve, all assets and liabilities of the Consortium would revert back to Centralina. Also, the Consortium is for the benefit of the residents of seven of the nine counties comprising the geographic area served by Centralina. The Consortium does not issue separate financial statements.

Centralina Foundation, Inc. – Centralina Foundation, Inc. (the “Foundation”) is a North Carolina nonprofit corporation that promotes improved health and welfare through innovative, collaborative, and inclusive community-based programs directly impacting people and communities in the southern piedmont region of North Carolina. The governing board of the Foundation includes nine trustees, five of which are the officers and Executive Director of Centralina. The other four are elected by the Board of Trustees and include civic leaders from many walks of life. The Foundation contracts with Centralina for provision of its administrative support and fiscal management and does not issue separate financial statements.

Centralina Economic Development Commission, Inc. – The governing board of Centralina Economic Development Commission, Inc. (the “Commission”) is appointed by the Executive Committee of Centralina. The Commission is a nonprofit corporation organized to facilitate; plan; and coordinate innovative regional economic development, promote new and effective thinking and action, including federal, state, and local legislation; and to facilitate regional economic development in and around the southern piedmont region of North Carolina. The Commission does not issue separate financial statements.

Centralina Connection, Inc. – The governing board of Centralina Connection, Inc. is appointed by its nominating committee. Centralina Connection is a nonprofit corporation organized to coordinate and work with volunteers and funding streams to promote independence by offering transportation services to and engagement of primarily older adults, persons with disabilities, and veterans, and to provide access to resources in the community through collaborating with existing agents. Centralina Connection does not issue separate financial statements.

CENTRALINA REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Summary of significant accounting policies (continued)

Basis of Presentation

Government-wide Statements – The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements display the governmental activities of Centralina. Governmental activities generally are financed through assessments, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of Centralina'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 requirements of a particular program. Revenues that are not classified as program revenues, including member dues, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about Centralina's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Centralina reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of Centralina. 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 restricted intergovernmental revenues, technical assistance contracts, other program revenues, and member dues and contributions. The primary expenditures are for general government, transportation, environmental protection, economic and physical development, human services, and workforce development.

Special Revenue Fund – This fund is used to account for certain grant funds that are restricted for use for a particular purpose.

Measurement Focus and Basis of Accounting – In accordance with North Carolina General Statutes, all funds of Centralina 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 Centralina gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants 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. Likewise, general revenues include all assessments.

CENTRALINA REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—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 and IT subscriptions are reported as other financing sources.

Centralina considers all revenues available if they are collected within 90 days after year-end.

Those revenues susceptible to accrual are member dues and contributions, 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 – Centralina’s budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Special Revenue Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Fund and the Component Unit. 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 and at the object level for the multi-year funds. Any revisions that alter total expenditures of any fund must be approved by the Board of Delegates. 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.

Allocation of Indirect Costs

Indirect costs are allocated to all cost centers, including grants, based upon actual expenditures and depreciation, in accordance with Office of Management and Budget Circular A-87. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs and employee benefits charged to cost centers.

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

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

State law [G.S. 159-30(c)] authorizes Centralina 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 banker’s acceptances; and the North Carolina Capital Management Trust (“NCCMT”). Centralina’s investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Summary of significant accounting policies (continued)

Allowances for Doubtful Accounts – Receivables are reported a net realizable value; therefore, they are shown net of allowance for doubtful accounts where applicable. The allowance is an estimate of the uncollectible amount based on management’s experience and knowledge.

Prepayments – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and reported as expenses or expenditures as the items are used.

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

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

Asset Class	Estimated Useful Lives
Furniture and equipment	5 – 10 years
Computer equipment and software	3 – 5 years
Vehicles	5 years

Centralina’s capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where Centralina reports a lease or agreements or Centralina reports an Information Technology Subscription in accordance with the requirements of Government Accounting Standards Board (“GASB”) 87 and GASB 96, respectively.

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

The right-to-use Subscription-Based Information Technology Arrangement (“SBITA”) assets are initially measured at an amount equal to the initial measurement of the SBITA liability plus any SBITA payments made at the start of the SBITA term, if applicable, plus capitalizable initial implementation costs at the start of the SBITA term, less any incentives received from the SBITA vendor at the start of the SBITA term. SBITA payments, as well as payments for capitalizable implementation costs made before the start of the SBITA term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the SBITA term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the SBITA term at which time the amount should be included in the initial measurement of the SBITA asset. The right-to-use SBITA assets should be amortized on a straight-line basis over the SBITA term.

Long-term Obligations – In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Position.

In fund financial statements, the face amount of debt issued is reported as other financing sources, and debt payments are reported as expenditures in the period in which they are paid.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Summary of significant accounting policies (continued)

Compensated Absences – The vacation policy of Centralina provides for the accumulation of earned vacation leave up to maximum amount as indicated below:

Years of Employment	Days Earned Per Year	Limit of Accrued Maximum Days
Less than 3	12	24
Less than 8	15	45
Less than 5	18	54
More than 15	21	63

The daily rate of pay for accumulated leave time shall be computed on the basis of a 52-week year and 40 hours per week. In circumstances where new staff members have been granted advanced leave rates, the maximum accumulations will be based on days earned per year.

Employees have until the end of the fiscal year (June 30) to use vacation leave that is above the maximum number of days allowed per years of employment. Any excess vacation not used by the end of each fiscal year shall be converted to sick leave. Employees will be notified by the finance department when they are close to exceeding their limit of accrued days.

Vacation leave is fully vested when earned. Centralina’s government-wide financial statements, an expense and a liability for compensated absences and the salary related payments, are recorded as the leave is earned. Centralina has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Centralina’s sick leave policy provides for an unlimited accumulation of earned sick leave. Unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Upon termination of employment, employees hired prior to January 1, 2018 may be eligible to receive payment for up to one-third of earned sick leave, not to exceed 15 days of pay. Employees hired on or after January 1, 2018 are not eligible for accumulated sick leave payout.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The 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. Centralina has several items that meet the criterion for this category, contributions made subsequent to the measurement date for the pension and OPEB plans and other pension and OPEB deferrals. In addition to liabilities, the statement of net 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. Centralina has three items that meet the criterion for this category, deferred revenue which represents revenue that will be available for use during the next fiscal year, and other deferred pension and OPEB deferrals.

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

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Summary of significant accounting policies (continued)

In the governmental fund financial statements, fund balance is composed of three classifications designed to disclose the hierarchy of constraints placed on how the fund balance can be spent. The governmental fund types classify fund balances as follows:

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

Prepayments – Portion of the fund balance that is not available for appropriation because it represents the year-end balance of prepayments which are not expendable, available resources.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – Portion of the fund balance that is restricted by State Statute [G.S. 159-8(a)].

Unassigned Fund Balance – This classification includes the portion of the fund balance that has not been reported in any other classification.

The General Fund's fund balance was \$1,335,036 at June 30, 2023, of which \$1,159,938 was restricted and nonspendable leaving \$175,098 available for appropriation.

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

Centralina has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of Centralina in such a manner that the available fund balance is at least 15% of budgeted expenditures. If the fund balance exceeds 30% of budgeted expenditures, Centralina's Executive Committee or Executive Director will identify opportunities to use the "excess" fund balance to provide additional services to members, enhance service delivery, or adjust dues for members.

Pension and OPEB – For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System ("LGERS") and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Centralina's employer contributions are recognized when due and Centralina 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.

Centralina also participates in a postemployment benefit plan ("OPEB") for health insurance (the "Plan"). Centralina currently finances the Plan following a pay-as-you-go approach, paying an amount each year equal to the premiums related to the coverage. For purposes of measuring the total OPEB liability, deferred inflows and inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

CENTRALINA REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Summary of significant accounting policies (continued)

New Accounting Pronouncement – As of July 1, 2022, Centralina implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA to the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. As part of implementing the statement, Centralina performed a comprehensive review of its leases relationships and applied the criteria within the guidance. As a result beginning net position was not affected.

Note 2—Deposits

All of Centralina’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by Centralina’s agent in Centralina’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 Centralina, these deposits are considered to be held by Centralina’s agent in Centralina’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 Centralina or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for Centralina under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. Centralina has no formal policy regarding custodial 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. Centralina complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, Centralina’s deposits had a carrying amount of \$283,642 and a bank balance of \$310,351. Of the bank balance, \$250,000 was covered by federal depository insurance; any amounts in excess of \$250,000 were covered by collateral held under the pooling method.

Note 3—Investments

At June 30, 2023, Centralina had \$1,894,317 invested with the North Carolina Capital Management Trust’s Government Portfolio, which carried a credit rating of AAA by Standard & Poor’s and are reported at fair value using Level 1 measurement. Centralina has no policy on credit risk.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk – Centralina does not have a formal policy to limit interest rate risk.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 3—Investments (continued)

Credit Risk – Centralina limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, Centralina has no formal policy on credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, Centralina will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Centralina has no policy on custodial risk.

Concentration of Credit Risk – Centralina places no limit on the amount that Centralina may invest in any one issuer.

Note 4—Receivables

Receivables at the government-wide level consisted of the following at June 30, 2023:

	Due from Other Governments	Other
Government activities:		
General	\$ 1,032,445	\$ 35,005
Special revenue	1,526,574	-
	<u>\$ 2,559,019</u>	<u>\$ 35,005</u>
Workforce Development Consortium	<u>\$ 341,354</u>	<u>\$ -</u>

Due from other governments consisted of the following at June 30, 2023:

	Governmental Activities	Workforce Development Consortium
Receivables under expenditure-driven grants	\$ 2,118,045	\$ 341,354
Technical assistance contracts	440,974	-
	<u>\$ 2,559,019</u>	<u>\$ 341,354</u>

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 5—Capital assets

Centralina has recorded four right-to-use lease assets. The assets are right-to-use assets for leased office space, leased AV equipment and leased office equipment. The related leases are discussed in the leases subsection of the liabilities section of this note. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

Capital asset and depreciation expense activity for the primary government for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increased	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture, fixtures, and leasehold improvements	\$ 292,393	\$ 16,695	\$ -	\$ 309,088
Vehicles	84,355	36,639	-	120,994
Computer server and AV equipment	109,147	-	-	109,147
Right-to-use assets:				
Leased office space	2,274,189	-	-	2,274,189
Leases AV equipment	76,072	-	-	76,072
Leased office equipment	77,963	-	-	77,963
Total capital assets	<u>2,914,119</u>	<u>53,334</u>	<u>-</u>	<u>2,967,453</u>
Less accumulated depreciation:				
Furniture, fixtures, and leasehold improvements	9,746	60,148	-	69,894
Vehicles	83,292	1,674	-	84,966
Computer server and AV equipment	102,118	3,470	-	105,588
Less accumulated amortization:				
Leased office space	24,991	296,516	-	321,507
Leases AV equipment	-	15,214	-	15,214
Leased office equipment	-	29,268	-	29,268
Total accumulated depreciation	<u>220,147</u>	<u>\$ 406,290</u>	<u>\$ -</u>	<u>626,437</u>
Total capital assets, net	<u>\$ 2,693,972</u>			<u>\$ 2,341,016</u>

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 6—Accounts and grants payable

Accounts and grants payable at the government-wide level consisted of the following at June 30, 2023:

	<u>Vendors</u>	<u>Subrecipients</u>	<u>Total</u>
Government activities:			
General	\$ 215,790	\$ -	\$ 215,790
Special revenue	-	2,809,951	2,809,951
	<u>\$ 215,790</u>	<u>\$ 2,809,951</u>	<u>\$ 3,025,741</u>
Workforce Development Consortium	\$ -	\$ 341,354	\$ 341,354

Accrued liabilities for governmental activities and the General Fund at June 30, 2023 consisted of accrued salaries and salary related accounts in the amount of \$85,863.

Note 7—Pension plan obligations

Local Governmental Employees' Retirement System

Plan Description – Centralina Regional Council is a participating employer in the statewide LGERS, a cost-sharing, multiple-employer, defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEO) 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 LGERS is included in the Annual Comprehensive Financial Report (“ACFR”) for the state of North Carolina. The state’s ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7—Pension plan obligations (continued)

Contributions – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Centralina employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Centralina’s contractually required contribution rate for the year ended June 30, 2023 was 12.10% 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 Centralina were \$408,461 for the year ended June 30, 2023.

Refunds of Contributions – Centralina 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, 2023, Centralina reported a liability of \$2,137,537 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. Centralina’s proportion of the net pension liability was based on a projection of Centralina’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), Centralina’s proportion was 0.03789%, which was an increase of 0.00059% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, Centralina recognized pension expense of \$624,726. At June 30, 2023, Centralina reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows Resources
Differences between expected and actual experience	\$ 92,105	\$ 9,030
Changes of assumptions	213,278	-
Net difference between projected and actual earnings		
Changes in proportion and differences between Council		
Total contributions subsequent to the measurement date	408,461	-
	<u>\$ 1,441,806</u>	<u>\$ 23,037</u>

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7—Pension plan obligations (continued)

\$408,461 was reported as deferred outflows of resources related to pensions, resulting from Centralina contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:

2024	\$	328,786
2025		269,633
2026		75,310
2027		336,580
	<u>\$</u>	<u>1,010,309</u>

Actuarial Assumptions – The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment (COLA) amounts are not considered to be substantively automatic and are therefore not included in the measurement.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7—Pension plan obligations (continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 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%	1.1%
Global equity	42.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Credit	7.0%	5.0%
Inflation protection	6.0%	2.7%
	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. All rates of return and inflation are annualized.

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7—Pension plan obligations (continued)

Sensitivity of Centralina’s Proportionate Share of The Net Pension Liability to Changes In The Discount Rate – The following presents Centralina’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what Centralina’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 (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.5%)
Centralina’s proportionate share of the net pension liability (asset)	<u>\$ 3,857,979</u>	<u>\$ 2,137,537</u>	<u>\$ 719,793</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

Note 8—Supplemental retirement income plan

Plan Description – Centralina contributes to the Supplemental Retirement Income Plan (“SRI Plan”), a defined contribution plan administered by the Department of the State Treasurer and Board of Trustees. The SRI Plan provides retirement benefits to all permanent, full-time Centralina 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 – Centralina contributes each month 3.0% of each employee’s salary. All amounts contributed are vested immediately. Also, employees may make voluntary contributions to the SRI Plan. Contributions from employees and Centralina for the year ended June 30, 2023, amounted to \$204,592.

Note 9—Deferred compensation plan

Plan Description – Centralina provides employees the opportunity to defer current compensation under a 457 plan administered by the Department of the State Treasurer and Board of Trustees. The deferred compensation plan provides retirement benefits to full-time, part-time, and temporary 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 – Centralina does not contribute to the plan but submits contributions on behalf of employees through payroll deductions. Contributions from employees for the year ended June 30, 2023, amounted to \$22,702.

Note 10—Postemployment healthcare benefits

Plan Description – Under the terms of Centralina’s personnel policy manual, Centralina administers a single-employer, defined benefit Healthcare Benefits Plan (“HCB Plan”). The HCB Plan provides postemployment healthcare benefits to qualified retirees of Centralina. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There are no authoritative requirements to pay Other Post-Employment Benefits (‘OPEB’) as benefits come due.

Retiree Dental and Vision Insurance – Centralina will pay a fixed amount towards the cost of an eligible retiree’s monthly premium for retiree medical insurance, which amount will be established each year by the Executive Board or Board of Delegates (the “Base Premium Supplement”). The Base Premium Supplement is Centralina’s contribution to the cost of an eligible retiree’s medical insurance. The Base Premium Supplement implemented and effective as of July 1, 2015 is (\$425).

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10—Postemployment healthcare benefits (continued)

The Base Premium Supplement may be adjusted at the sole discretion of the Executive Board or Board of Delegates, and will be administered as follows:

- If the retiree has less than 15 years of service with Centralina, as of his/her retirement date, no Base Premium Supplement will be paid by Centralina;
- If the retiree has completed at least 15 years of service with Centralina, as of his/her retirement date, Centralina will pay the Base Premium Supplement; and
- If the retiree has completed more than 15 years of service with Centralina, as of his/her retirement date, the Base Premium Supplement will be increased by 2% for each full year of completed service in excess of 15 years with a maximum benefit of 80% (the resulting amount is the “Enhanced Premium Supplement”).

Any eligible retiree’s premium in excess of the Base Premium Supplement or, if applicable, the Enhanced Premium Supplement, will be the responsibility of the retiree. Beginning, January 1, 2018, the Retiree is responsible for paying the cost of the medical premium themselves. Centralina will then make base payments to the employee upon receipt of the retiree’s payment to the recognized insurer.

Retiree medical coverage will be made available to eligible retirees annually, and if renewed a retiree may accept and pay for such coverage until the retiree is eligible for Medicare.

Retiree Dental and Vision Insurance – The Premium Supplement for the retiree’s dental and vision insurance is dependent upon the retiree’s years of service with Centralina. The Premium Supplement for Dental and Vision Insurance shall be administered as follows:

- If the retiree has less than 15 years of service with Centralina, as of his/her retirement date, no portion of the premium for dental and vision will be paid by Centralina;
- If the retiree has completed at least 15 years of service with Centralina, as of his/her retirement date, Centralina will pay 50% of the active employee coverage amount for dental and vision;
 - For example, if the monthly premium for dental insurance is \$28, Centralina will pay \$14, or 50% towards an active employee’s coverage. A retiree with 15 years of service to Centralina will receive 50% of the active employee’s covered amount or \$7.
- If the retiree has completed more than 15 years of service with Centralina, as of his/her retirement date, the premium for dental and vision will be increased by 2% for each full year of completed service in excess of 15 years with a maximum benefit of 80%.

Retirees are responsible for paying the remaining portion to satisfy the monthly premiums. Retirees must designate a payment schedule for this excess at the beginning of the insurance plan year. Any payments not made by the scheduled date could result in the termination of insurance coverage.

Upon eligibility for Medicare, the retiree can maintain dental and vision coverage by paying the full cost of the premium.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10—Postemployment healthcare benefits (continued)

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	General Employees
Retirees and dependents receiving benefits	1
Active plan members	42
	<hr/>
	43
	<hr/>

Total OPEB Liability – Centralina’s total OPEB liability of \$272,482 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs – The total OPEB liability on the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% to 8.41%
Municipal Bond Index Rate:	
Prior measurement date	2.16%
Measurement date	3.54%

The discount rate used to measure the Total OPEB Liability was based on the last Thursday of June of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

Changes in the Total OPEB liability:

	Total OPEB Liability
Balance at June 30, 2021	<u>\$ 282,938</u>
Changes for the year:	
Service cost	22,250
Interest	6,592
Changes of benefit terms	-
Differences between expected and actual experience	(3,941)
Changes in assumptions or other inputs	(35,323)
Benefit payments	(34)
	<hr/>
	(10,456)
	<hr/>
Balance at June 30, 2022	<u><u>\$ 272,482</u></u>

There was a change in the Total OPEB Liability arising from the change in the Discount Rate from 2.16% on the Prior Measurement Date to 3.54% on the Current Measurement Date.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10—Postemployment healthcare benefits (continued)

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following exhibit presents the total OPEB liability of Centralina’s Plan, calculated using the discount rate of 3.54%, as well as what Centralina’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	<u>\$ 297,658</u>	<u>\$ 272,482</u>	<u>\$ 249,467</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following exhibit presents the total OPEB liability of Centralina’s Plan, calculated using the healthcare cost trend rates, as well as what Centralina’s total OPEB liability would be if it were calculated using healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 238,790</u>	<u>\$ 272,482</u>	<u>\$ 312,462</u>

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

For the year ended June 30, 2023, Centralina recognized OPEB benefit of \$926. At June 30, 2023, Centralina reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 889	\$ 98,362
Changes of assumptions	22,252	50,273
Benefit payments made subsequent to the measurement	80	-
	<u>\$ 23,221</u>	<u>\$ 148,635</u>

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10—Postemployment healthcare benefits (continued)

\$80 reported as deferred outflows of resources related to OPEB, resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

Years Ending June 30:

2024	\$ (28,185)
2025	(24,395)
2026	(22,821)
2027	(20,415)
2028	(12,749)
Thereafter	<u>(16,929)</u>
	<u><u>\$ (125,494)</u></u>

Note 11—Deferred outflows/inflows of resources

Deferred outflows of resources are comprised of contributions to the pension plan and OPEB of \$408,461 and \$80, respectively, and other pension and OPEB deferrals in the current fiscal year in the amount of \$1,033,345 and \$23,141, respectively.

The following is a summary of deferred inflows of resources at June 30, 2023:

	<u>Governmental Activities</u>
Pension deferrals	\$ 23,037
OPEB deferrals	<u>148,635</u>
	<u><u>\$ 171,672</u></u>

Note 12—Risk management

Centralina is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Centralina also purchases general, auto, public officials, and employment practices liability coverage of \$5 million per occurrence, auto physical damage coverage for owned autos at actual cash value, and crime coverage of \$250,000 per occurrence.

In July 2005, Centralina entered into an agreement with the North Carolina Interlocal Risk Management Agency and has agreed to pool the risk of its workers' compensation liabilities and payment of claims for employers' liability coverage pursuant to the provisions of the North Carolina General Statutes 160A-460. Centralina's liability coverage limits are \$500,000 per accident for bodily injury by accident and \$500,000 per employee for bodily injury by disease, which includes a \$500,000 policy limit.

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 12—Risk management (continued)

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

In accordance with G.S. 159-29, Centralina's Finance Director and any employees acting in the course and scope of their employment that have access to \$100 or more at any given time of Centralina's funds are bonded under Public Officials Liability through Interlock Risk Financing Fund of North Carolina. Centralina's Public Officials Liability coverage limit is up to \$5 million per claim.

Note 13—Long-term obligations

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

<u>Year Ending June 30</u>	<u>Principal Payment</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 288,621	\$ 87,956	\$ 376,577
2025	296,622	74,751	371,373
2026	299,674	61,419	361,093
2027	301,899	47,842	349,741
2028	324,743	33,742	358,485
Thereafter	583,410	21,261	604,671
	<u>\$ 2,094,969</u>	<u>\$ 326,971</u>	<u>\$ 2,421,940</u>

Changes in long-term liabilities:

	<u>Balance July 1, 2022</u>	<u>Increased</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Current Portion of Balance</u>
Government activities:					
Net pension liability (LIGERS)	\$ 590,128	\$ 1,547,409	-	\$ 2,137,537	\$ -
Total OPEB liability	282,938		10,456	272,482	-
Lease Liabilities	2,361,753	-	266,784	2,094,969	288,621
Compensated absences	418,847	390,477	273,833	535,491	273,833
Other liabilities	67,442	-	5,000	62,442	5,000
	<u>\$ 3,721,108</u>	<u>\$ 1,937,886</u>	<u>\$ 556,073</u>	<u>\$ 5,102,921</u>	<u>\$ 567,454</u>

CENTRALINA REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 14—Transactions with component unit

The Consortium focuses on developing a strong, trained, and effective workforce in its seven-county area. Centralina provides administrative functions to the Consortium under an agreement. The Consortium reported expenses of \$3,017,072 and Centralina reported revenues in the General Fund of the same amount for the year ended June 30, 2023.

Note 15—Summary disclosure of significant contingencies

Federal and State-assisted Programs – Centralina 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 monies to the grantor agencies. Management believes any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Subcontractors – For a majority of the expenditures in the Workforce Investment Act (“WIA”) and Aging Programs (“Aging”), Centralina contracts with other governments or local agencies to perform the specific services set forth in the grant agreements. Centralina disburses grant funds to the agencies based on monthly expenditure and performance reports received from each agency.

WIA and Aging subcontractors are required to have an annual independent audit. Centralina requires each agency to submit a copy of the audit reports. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursement of the disallowed costs either from Centralina or the delegate agency. Centralina generally has the right of recovery from the subcontractors.

For the year ended June 30, 2023, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that Centralina will not incur significant losses from possible grant disallowances.

Note 16—Subsequent events

Centralina management has evaluated subsequent events through November 7, 2023, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains additional information required by Accounting Principles Generally Accepted in the United States of America:

- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local Governmental Employees' Retirement System – Schedule of Centralina's Proportionate Share of the Net Position
- Local Governmental Employees' Retirement System – Schedule of Centralina's Contributions



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CENTRALINA COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION

*LAST SIX FISCAL YEARS**

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	22,250	24,363	18,275	18,979	19,542	22,933
Interest	6,592	7,922	10,327	13,038	11,719	10,363
Differences between expected and actual experience	(3,941)	(68,409)	(5,545)	(80,795)	(6,094)	9,115
Changes of assumptions	(35,323)	(14,950)	36,220	(4,327)	(9,988)	(39,235)
Benefit payments	(34)	(203)	(3,596)	(7,002)	(11,347)	(25,107)
Net change in total OPEB liability	(10,456)	(51,277)	55,681	(60,107)	3,832	(21,931)
Total OPEB liability - beginning	282,938	334,215	278,534	338,641	334,809	356,740
Total OPEB liability - ending	272,482	282,938	334,215	278,534	338,641	334,809
Covered employee payroll	2,497,113	2,497,113	2,536,424	2,536,424	2,580,488	2,580,488
Total OPEB Liability as a Percentage of Covered Payroll	10.91%	11.33%	13.18%	10.98%	13.12%	12.97%

Notes to Schedule

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

Fiscal Year	Rate
Municipal Bond Index Rate at Prior Measurement Date	2.61%
Municipal Bond Index Rate at Measurement Date	3.54%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30 and will build to a ten year schedule as more information becomes available.

CENTRALINA COUNCIL OF GOVERNMENTS
SCHEDULE OF PROPORTIONATE SHARE OF THE NEW PENSION LIABILITY (ASSET)
LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

LAST TEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Centralina's proportion of the net pension liability (asset) (%)	0.03789%	0.03848%	0.03814%	0.03541%	0.03846%
Centralina's proportion of the net pension liability (asset) (\$)	\$ 2,137,537	\$ 590,128	\$ 1,362,905	\$ 967,019	\$ 912,403
Centralina's covered payroll	2,907,190	2,864,235	2,810,818	2,748,709	2,846,538
Centralina's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.53%	20.60%	48.49%	35.18%	32.05%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	95.51%	88.61%	90.86%	91.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Centralina's proportion of the net pension liability (asset) (%)	0.03761%	0.0360%	0.0390%	0.0410%	0.0410%
Centralina's proportion of the net pension liability (asset) (\$)	\$ 574,577	\$ 763,616	\$ 175,523	\$ (240,911)	\$ 490,591
Centralina's covered payroll	2,652,802	2,476,046	2,532,892	2,580,938	2,486,778
Centralina's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.66%	30.84%	6.93%	-9.33%	19.73%
Plan fiduciary net position as a percentage of the total pension liability	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.

CENTRALINA COUNCIL OF GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

*LAST TEN FISCAL YEARS**

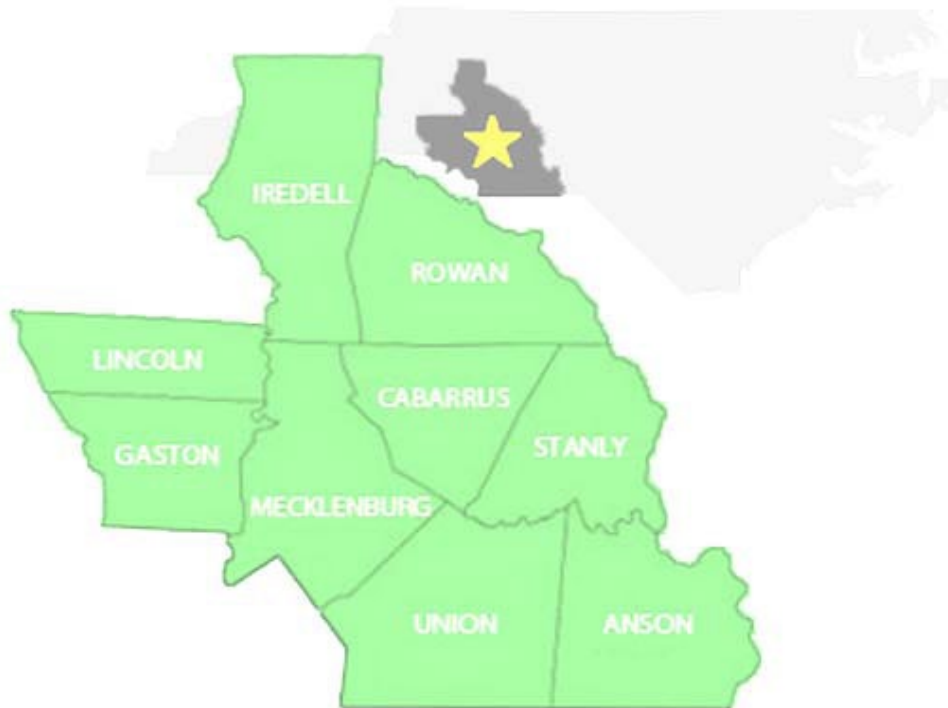
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 408,461	\$ 329,958	\$ 290,720	\$ 251,568	\$ 213,024
Contributions in relation to the contractually required contribution	<u>408,461</u>	<u>329,958</u>	<u>290,720</u>	<u>251,568</u>	<u>213,024</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Centralina's covered payroll	\$ 3,468,776	\$ 2,907,190	\$ 2,864,235	\$ 2,810,818	\$ 2,748,709
Contributions as a percentage of covered payroll	11.78%	11.35%	10.15%	8.95%	7.75%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 213,490	\$ 192,329	\$ 165,153	\$ 181,071	\$ 182,472
Contributions in relation to the contractually required contribution	<u>213,490</u>	<u>192,329</u>	<u>165,153</u>	<u>181,071</u>	<u>182,472</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Centralina's covered payroll	\$ 2,846,538	\$ 2,652,802	\$ 2,476,046	\$ 2,532,892	\$ 2,580,938
Contributions as a percentage of covered payroll	7.50%	7.25%	6.67%	7.15%	7.07%

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



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INDIVIDUAL FUND SCHEDULES



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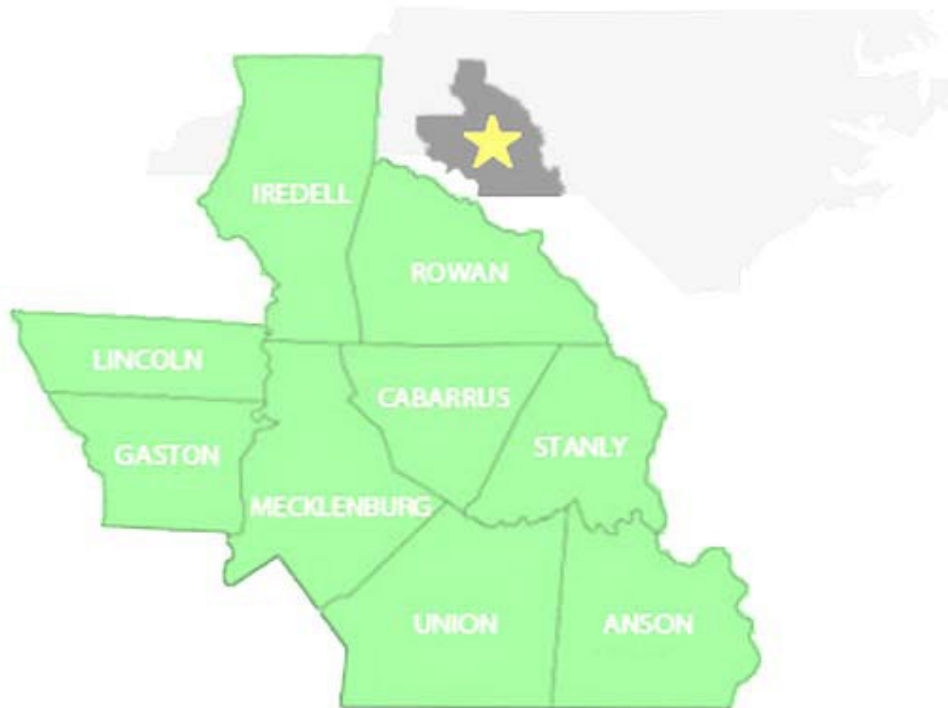
GENERAL FUND

CENTRALINA REGIONAL COUNCIL
GENERAL FUND
COMPARATIVE BALANCE SHEETS

SCHEDULE 1

JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and investments	\$ 2,177,959	\$ 2,462,504
Receivables	35,005	42,528
Due from other governments	1,032,445	645,947
Prepayments	92,488	86,567
Total Assets	<u>\$ 3,337,897</u>	<u>\$ 3,237,546</u>
LIABILITIES		
Liabilities:		
Accounts and grants payable	\$ 215,790	\$ 363,280
Due to special revenue fund	1,283,386	1,223,820
Due to component unit	-	21,265
Accrued Payroll	85,863	239,763
Unearned revenue	417,822	91,238
Total Liabilities	<u>2,002,861</u>	<u>1,939,366</u>
Deferred Inflows of Resources:		
Deferred membership dues	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Fund Balances:		
Nonspendable:		
Prepayments	92,488	86,567
Restricted:		
Stabilization by State Statute	1,067,450	688,475
Assigned		
Unassigned	175,098	523,138
Total Fund Balances	<u>1,335,036</u>	<u>1,298,180</u>
Total Liabilities and Fund Balances	<u>\$ 3,337,897</u>	<u>\$ 3,237,546</u>



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**CENTRALINA REGIONAL COUNCIL
GENERAL FUND**

SCHEDULE 2

INDIRECT COST CENTER - COMPUTATION OF INDIRECT COST ALLOCATION RATE

YEAR ENDED JUNE 30, 2023

Personal Expenditures:	
Salaries	\$ 519,292
Fringe benefits	295,426
	<u>814,718</u>
Operating Expenditures:	
Contract audit fees	61,500
Contractual - services and consultants	248,238
Training/confirences/travel	22,854
Mileage reimb/gas/maint.	9,169
Auto - gas and maintenance	15,804
Materials and supplies	39,417
Office equipment lease	-
Insurance - liability/bonding/auto	12,291
IT computers/accessories/repairs	21,728
Maint and repair - equipment	8,593
Phone - base rate	30,410
Software/website licensing, and support	55,264
Postage	4,407
Dues and subscriptions	28,125
	<u>557,800</u>
Total Indirect Costs - Unadjusted	1,372,518
Adjustment for depreciation and amortization expense	406,290
Total Indirect Costs - Adjusted for Depreciation Expense	<u>\$ 1,778,808</u>
Total personnel expenditures	\$ 4,749,839
Less personnel expenditures in indirect cost pool	<u>814,718</u>
Total Personnel Expenditures Earning Indirect Costs	<u>\$ 3,935,121</u>

**CENTRALINA REGIONAL COUNCIL
GENERAL FUND**

**SCHEDULE 2
(Continued)**

INDIRECT COST CENTER - COMPUTATION OF INDIRECT COST ALLOCATION RATE

YEAR ENDED JUNE 30, 2023

	<u>Adjusted</u>
Allocation Rate Computation:	
Direct Salaries and Fringes Base	\$ 3,935,121
Indirect Cost Rate	35.91%
Recoverable Indirect Costs	<u>\$ 1,413,102</u>
Indirect Actual Expense Cost	1,778,808
FY 2020 Carryforward to FY 2022	<u>(286,905)</u>
Adjusted Indirect Actual Expense Cost	1,491,903
Less recoverable indirect costs	(1,413,102)
Recoverable Indirect Cost (Over)/Under Indirect Cost Pool	<u>\$ 78,801</u>



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SPECIAL REVENUE FUND

**CENTRALINA REGIONAL COUNCIL
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS**

SCHEDULE 3

*JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022*

	<u>2023</u>	<u>2022</u>
ASSETS		
Due from other governments	\$ 1,526,574	\$ 1,674,857
Due from general fund	<u>1,283,386</u>	<u>1,223,820</u>
Total Assets	<u><u>\$ 2,809,960</u></u>	<u><u>\$ 2,898,677</u></u>
LIABILITIES		
Accounts and grants payable	\$ 2,809,951	\$ 2,898,677
Unearned Revenue	<u>9</u>	<u>-</u>
Total Liabilities	<u><u>\$ 2,809,960</u></u>	<u><u>\$ 2,898,677</u></u>

COMPONENT UNIT

**CENTRALINA REGIONAL COUNCIL
COMPONENT UNIT**

SCHEDULE 4

CENTRALINA WORKFORCE DEVELOPMENT CONSORTIUM

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

FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2023

	Grant Award	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
WIA / WIOA Grants:				
WIOA 20-4050 Youth Initiative Fund 2020	\$ 87,862	\$ 20,882	\$ 19,908	\$ 40,790
WIOA 20-3130 Dislocated Worker COVID-19 Funds	272,721	163,752	108,969	272,721
WIOA 21-4010 Administrative Cost Pool- 10% 2021	373,243	31,960	13,495	45,455
WIOA 21-4020 Adult Services 2021	1,429,615	1,235,962	128,664	1,364,626
WIOA 21-4030 Dislocated Worker 2021	757,269	595,193	100,000	695,193
WIOA 21-4040 Youth Services 2021	1,172,304	897,745	122,500	1,020,245
WIOA 21-4050 Finish Line Grant 2021	48,408	17,950	30,458	48,408
WIOA 22-4010 Administrative Cost Pool- 10% 2022	334,869	-	-	-
WIOA 22-4020 Adult Services 2022	1,446,779	-	1,227,753	1,227,753
WIOA 22-4030 Dislocated Worker 2022	509,141	-	420,508	420,508
WIOA 22-4040 Youth Services 2022	1,057,892	-	844,568	844,568
WIOA 22-4050 Infrastructure Cost	90,249	-	90,250	90,249
Total Revenues	7,580,352	2,963,444	3,107,072	6,070,515
Expenditures:				
WIA / WIOA Grants:				
WIOA 20-4050 Youth Initiative Fund 2020	87,862	20,882	19,908	40,790
WIOA 20-3130 Dislocated Worker COVID-19 Funds	272,721	163,752	108,969	272,721
WIOA 21-4010 Administrative Cost Pool- 10% 2021	373,243	31,960	13,495	45,455
WIOA 21-4020 Adult Services 2021	1,429,615	1,235,962	128,664	1,364,626
WIOA 21-4030 Dislocated Worker 2021	757,269	595,193	100,000	695,193
WIOA 21-4040 Youth Services 2021	1,172,304	897,745	122,500	1,020,245
WIOA 21-4050 Finish Line Grant 2021	48,408	17,950	30,458	48,408
WIOA 22-4010 Administrative Cost Pool- 10% 2022	334,869	-	-	-
WIOA 21-4020 Adult Services 2021	1,446,779	-	1,227,753	1,227,753
WIOA 21-4030 Dislocated Worker 2021	509,141	-	420,508	420,508
WIOA 21-4040 Youth Services 2021	1,057,892	-	844,568	844,568
WIOA 22-4050 Infrastructure Cost	90,249	-	90,250	90,249
Total Expenditures	7,580,352	2,963,444	3,107,072	6,070,515
Revenues Over Expenditures	-	-	-	-
Fund Balances - July 1	-	-	-	-
Fund Balances - June 30	\$ -	\$ -	\$ -	\$ -

COMPLIANCE SECTION

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

To the Board of Delegates
Centralina Regional Council
Charlotte, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of Centralina Regional Council (“Centralina”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Centralina’s basic financial statements and have issued our report thereon dated November 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Centralina’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Centralina’s internal control. Accordingly, we do not express an opinion on the effectiveness of Centralina’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Centralina’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centralina’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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cherry Bekaert LLP

Charlotte, North Carolina
November 7, 2023

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

To the Board of Delegates
Centralina Regional Council
Charlotte, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Centralina Regional Council's ("Centralina"), compliance with the types of compliance requirements identified as subject to audit 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 Centralina's major federal programs for the year ended June 30, 2023. Centralina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Centralina 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit Implementation Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Centralina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Centralina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Centralina's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

Purpose of this Report

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 and State Single Audit Implementation Act Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 7, 2023

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

To the Board of Delegates
Centralina Regional Council
Charlotte, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Centralina Regional Council's ("Centralina"), compliance with the types of compliance requirements identified as subject to audit 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 Centralina's major state programs for the year ended June 30, 2023. Centralina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Centralina 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Centralina's state programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit Implementation Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Centralina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Centralina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Implementation Act but not for the purpose of expressing an opinion on the effectiveness of Centralina's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

Purpose of this Report

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 and State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Charlotte, North Carolina
November 7, 2023

CENTRALINA REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Section I—Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report Issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified? ___ yes _X_ no
- Significant deficiency identified that is not considered to be material weakness ___ yes _X_ none reported

Noncompliance material to financial statements noted: ___ yes _X_ no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ___ yes _X_ no
- Significant deficiency identified that is not considered to be material weakness ___ yes _X_ none reported

Noncompliance material to federal awards ___ yes _X_ no

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:

Federal Assistance Listing Number	Program Name
Aging Cluster:	
93.044	Special Programs for the Aging – Title III B
93.045	Special Programs for the Aging – Title III C
93.053	Nutrition Services Incentive Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
WIOA Cluster:	
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants

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

Auditee qualified as low-risk auditee? _X_ yes ___ no

CENTRALINA REGIONAL COUNCIL
SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS

YEAR ENDED JUNE 30, 2023

No findings were reported for the year ended June 30, 2023.

CENTRALINA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2023

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assitance Listing Number</u>	<u>State/ Pass-Through Grantor Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>
FEDERAL GRANTS:					
U.S. DEPARTMENT OF COMMERCE					
Economic Development Administration					
Direct program					
Economic Development Cluster:					
Strategic Planning Grant	11.302	ED22ATL3020032	\$ 70,192	\$ -	\$ -
COVID-19: EDA Cares	11.307	ED20ATL3070094	50,574	-	-
Total U.S. Department of Commerce			120,766	-	-
U.S. DEPARTMENT OF LABOR					
Employment and Training Administration					
Passed through North Carolina Department of Commerce					
Division of Employment and Training					
Workforce Innovation and Opportunity Act Cluster					
WIOA - Adult Programs	17,258,17,278	AA-36337-21-55-A-37	193,653	-	128,664
WIOA - Adult Programs	17,258,17,278	AA-38547-22-55-A-37	1,318,805	-	1,227,753
WIOA - Youth Activities	17,259	AA-36337-21-55-A-37	274,559	-	122,500
WIOA - Youth Activities	17,259	AA-38547-22-55-A-37	917,975	-	844,568
WIOA - Dislocated Workers	17,258,17,278	AA-36337-21-55-A-37	162,076	-	100,000
WIOA - Dislocated Workers	17,258,17,278	AA-38547-22-55-A-37	456,464	-	420,508
WIOA - Dislocated Workers Rapid Response	17,277	AA-34695-20-60-A-37	108,969	-	108,969
WIOA - Finish Line Grant	17,258,17,278	AA-36337-21-55-A-37	30,458	-	30,458
WIOA - Business Services	17,278	AA-38547-22-55-A-37	20,000	-	-
WIOA - Youth Initiative	17,278	AA-34786-20-55-A-37	19,908	-	19,908
and Special Grants	17,258,17,278	AA-36337-21-55-A-37	154,598	-	13,495
WIOA - Administrative Cost Pool/Incentives/Capital and Special Grants	17,258,17,278	AA-38547-22-55-A-37	285,458	-	-
Total U.S. Department of Labor			3,942,923	-	3,016,823
U.S. DEPARTMENT OF ENERGY					
Clean Cities Outreach, Education, and Performance Tracking	81.086	DE-EE0009572	112,635	-	-
Solutions for Curbside-Charging Electric Vehicles for Planned Urban Growth	81.086	DE-EE0008472	14,098	-	-
Developing Replicable, Innovative Variants for Engagement (DRIVE)	81.086	DE-EE0009228	36,001	-	-
Total U.S. Department of Energy			162,734	-	-
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Clean Cities Outreach, Education, and Performance Tracking	66.454	1234567-20524	6,747	-	-
Total U.S. Environmental Protection Agency			6,747	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Administration on Aging					
Passed through North Carolina Department of Health and Human Services					
Division of Aging and Adult Services					
Special Programs for the Aging, Title VII, Chapter 3					
Programs for the Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2101NCOAEA/2201NCOAEA	\$ 22,512	\$ 1,325	\$ -
Special Programs for the Aging, Title VII, Chapter 2					
Programs for Long-term Ombudsman Services for Older Individuals	93.042	2101NCOAOM/2201NCOAOM	181,616	10,683	-
American Rescue Plan - Ombudsman	93.042	2101NCOMC6	12,354	-	-
Total Ombudsman			193,970	10,683	-
Special Programs for the Aging, Title III F					
Disease Prevention and Health Promotion Services	93.043	2101NCOAPH/2201NCOAPH	135,678	7,981	35,100
COVID-19: American Rescue Plan - Disease Prevention and Health Promotion	93.043	2101NCOHC6	36,599	-	-
Total Disease Prevention and Health Promotion			172,277	7,981	35,100
Aging Cluster					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers					
Legal Services	93.044	2101NCOASS/2201NCOASS	141,899	8,347	150,246
Ombudsman	93.044	2101NCOAOM/2201NCOAOM	177,831	10,461	-
Access	93.044	2101NCOASS/2201NCOASS	732,753	43,103	775,856
In Home Services	93.044	2101NCOASS/2201NCOASS	928,730	53,987	813,717
Expanding Access to COVID-19 Vaccines	93.044	2101NCVAC5	87,644	-	-
COVID-19: American Rescue Plan - Supportive Services	93.044	2101NCSSC6	391,309	69,054	315,382
Special Programs for the Aging - Title III C					
Nutrition Services-Planning and Administration					
Congregate Nutrition	93.045	2101NCOACM/2201NCOACM	1,011,814	58,403	777,555
Home Delivered Meals	93.045	2101NCOAHD/2201NCOAHD	1,488,949	87,585	1,576,534
American Rescue Plan					
Congregate Nutrition - Title III C1	93.045	2101NCCMC6	692,697	122,241	806,699
Home Delivered Meals - Title III C2	93.045	2101NCHDC6	285,932	50,458	336,390
AAA Planning and Administration	93.045	2101NCCMC6/2101NCHDC6	193,176	64,392	-
Consolidated Appropriations Act, 2021 Supplemental Nutrition					
Home Delivered Meals - Title III C2	93.045	2101NCHDC05	72,447	8,488	46,985
Nutrition Services Incentive Program	93.053	n/a	608,875	-	608,875
Total Aging Cluster			6,814,056	576,519	6,208,239

CENTRALINA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-Through Grantor Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>
Special Programs for the Aging - Title III E					
National Family Caregiver Support Program	93.052	2101NCOAFC/2201NCOAFC	\$ 907,253	\$ 59,246	\$ 587,921
COVID-19: American Rescue Plan - Family Caregiver Support Program	93.052	2101NCFCC6	259,902	86,634	-
Total Family Caregiver Support Program			1,167,155	145,880	587,921
MIPPA	93.071	2101NCMIAA-00/2101NCMIDR-00	42,454	-	-
MIPPA	93.071	2201NCMIAA-00/2201NCMIDR-00	79,202	-	-
			121,656	-	-
Administration for Community Living					
Passed through USAging Leaders in Aging Well at Home					
COVID-19 and Influenza Vaccine Uptake Initiative	93.048	90HDCR0007-01-00	11,795	-	-
At Home Vaccine Grant	93.048	30-2021-COVID-061	25,705	-	-
Senior Medicare Patrol	93.048	90MPPG0043-05-00	10,000	-	-
			47,500	-	-
Total U.S. Department of Health and Human Services			8,539,126	742,388	6,831,260
U.S. DEPARTMENT OF TRANSPORTATION					
Passed through North Carolina Department of Transportation					
Charlotte UZA Grant	20.513	2021000608	23,773	-	-
Charlotte UZA Grant	20.513	2022000468	140,795	-	-
Passed through North Carolina State University					
Clean Fuels Advanced Technology 2014-2018	20.205	2021-2492-03	36,000	-	-
Total U.S. Department of Transportation			200,568	-	-
U.S. DEPARTMENT OF THE TREASURY					
Passed through North Carolina Department of Environmental Quality					
COVID-19: American Rescue Plan Act - Housing Improvements	21.027		1,250	-	-
Passed through North Carolina Association of Regional Councils of Government					
COVID-19: American Rescue Plan Act - Local Government Assistance	21.027	SLFRP0129	188,479	-	-
Total U.S. Department of Treasury			189,729	-	-
Total Federal Awards			13,162,593	742,388	9,848,083
STATE GRANTS					
N. C. Department of Environment and Natural Resources					
Land Monitoring Services	N/A	EAH-10182021	\$ -	\$ 33,935	\$ -
Total N. C. Department of Environment and Natural Resources			-	33,935	-
N. C. Department of Health and Human Services					
Division of Aging					
90% State Funds - Ombudsman		Region F NGA SFY 2023	-	170,391	-
90% State Funds - Access		Region F NGA SFY 2023	-	533,065	533,065
90% State Funds - In Home Services		Region F NGA SFY 2023	-	6,030,776	6,030,776
90% State Funds - Home Delivered Meals		Region F NGA SFY 2023	-	640,732	640,732
90% State Funds - Congregate Nutrition		Region F NGA SFY 2023	-	102,572	102,572
AAA Plan & Administration		Region F NGA SFY 2023	-	48,262	-
Fans Programs		Region F NGA SFY 2023	-	14,363	14,363
Senior Center General Purpose		Region F NGA SFY 2023	-	116,396	116,396
Division of Health Service Regulation					
Pride in Care North Carolina		2019-04-NC-0603	-	81,724	-
Division of Health Benefits					
Local Contact Agency		30-2019-009 DHB	-	1,870	-
Total N.C. Department of Health and Human Services			-	7,740,151	7,437,904
N. C. Department of Transportation					
Rideshare Program		23-RS-912	-	30,068	-
Total N.C. Department of Transportation			-	30,068	-
N. C. Office of State Budget and Management					
Disaster Relief and Recovery/Mitigation/Resiliency		SL 2021-180 (SB 105)	-	217,959	-
Total N. C. Office of State Budget and Management			-	217,959	-
Total State Awards			-	8,022,113	7,437,904
Total Federal and State Awards			\$ 13,162,593	\$ 8,764,501	\$ 17,285,987

CENTRALINA REGIONAL COUNCIL

NOTES TO THE SCHEDULE F EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2023

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal and State awards (“SEFSA”) includes the federal and state grant activity of Centralina Regional Council (“Centralina”) under the programs of the federal government and the state of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act*. Because the SEFSA presents only a selected portion of the operations of Centralina, it is not intended to, and does not, present the financial position, changes in net position of Centralina.

Note2—Summary of significant accounting policies

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

Note 3—Indirect cost rate

Centralina has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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