

Long-term Debt

A summary of long-term liability activity for the year ended September 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Governmental activities:					
Notes payable	\$ 1,011,626	\$ -	\$ 225,023	\$ 786,603	\$ 235,317
Compensated absences payable	<u>139,093</u>	<u>109,327</u>	<u>98,835</u>	<u>149,585</u>	<u>134,627</u>
Total	\$ <u>1,150,719</u>	\$ <u>109,327</u>	\$ <u>323,858</u>	\$ <u>936,188</u>	\$ <u>369,944</u>

Notes Payable

The Council has issued two notes payable for the purchase of land, a building, and related furnishings. The first note was issued in 2004 in an original amount of \$2,975,000, has an interest rate of 4.937%, and a maturity date of November 2024. The second note was issued in 2011 with an original amount of \$350,423, has an interest rate of 4.937% and a maturity date of November 2024.

The following is a schedule of the future minimum payments under these agreements:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 235,317	\$ 33,992	\$ 269,309
2023	247,349	21,961	269,310
2024	259,332	9,342	268,674
2025	<u>44,605</u>	<u>280</u>	<u>44,885</u>
Total	\$ <u>786,603</u>	\$ <u>65,575</u>	\$ <u>852,178</u>

Operating Leases

The Council leases a building to provide a facility for its operations under a cancelable operating lease with HOTEDD. Total cost for this lease was \$259,910 for the year ended September 30, 2021. The rental payments increase every three years by 3%.

Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. The Council management believes such coverage is sufficient to preclude any significant uninsured losses to the Council. There have been no significant reductions in insurance coverage from coverage in the prior year or settlements that have exceeded insurance coverage in the past three fiscal years.

Contingencies

The Council contracts with local governments or other local delegate agencies to perform the specific services set forth in certain grant agreements. The Council disburses grant funds to the delegate agencies based on monthly expenditure reports received from each delegate agency.

Each delegate agency is required to have an independent audit at least once every two years. The Council requires each delegate 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 the Council or the delegate agency. The Council generally has the right of recovery from the delegate agency.

Some of the audits of the delegate agencies' expenditures for the year ended September 30, 2021, have not been completed. Based on prior experience, the Council management believes that the Council will not incur significant losses from possible grant disallowances.