

**Cape Fear Council of Governments
Wilmington, North Carolina**

Financial and Compliance Reports
Year Ended June 30, 2020

Cape Fear Council of Governments

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Financial Section

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RSM US LLP

Independent Auditor's Report

Executive Committee
Cape Fear Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Fear Council of Governments (the Council) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of Cape Fear Council of Governments as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparisons of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-9 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 33-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cape Fear Council of Governments' basic financial statements. The schedules and other information listed in the table of contents as supplementary information, and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 US 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 listed in the table of contents in the compliance section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and other information listed in the table of contents as supplementary information and the Schedule of Expenditures of Federal and State Awards identified in the preceding paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules and other information listed in the table of contents as supplementary information and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Council'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 Cape Fear Council of Governments' internal control over financial reporting and compliance.

RSM US LLP

Wilmington, North Carolina
January 29, 2021

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Management's Discussion and Analysis

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

As management of Cape Fear Council of Governments (Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Council's financial statements, which follow this narrative.

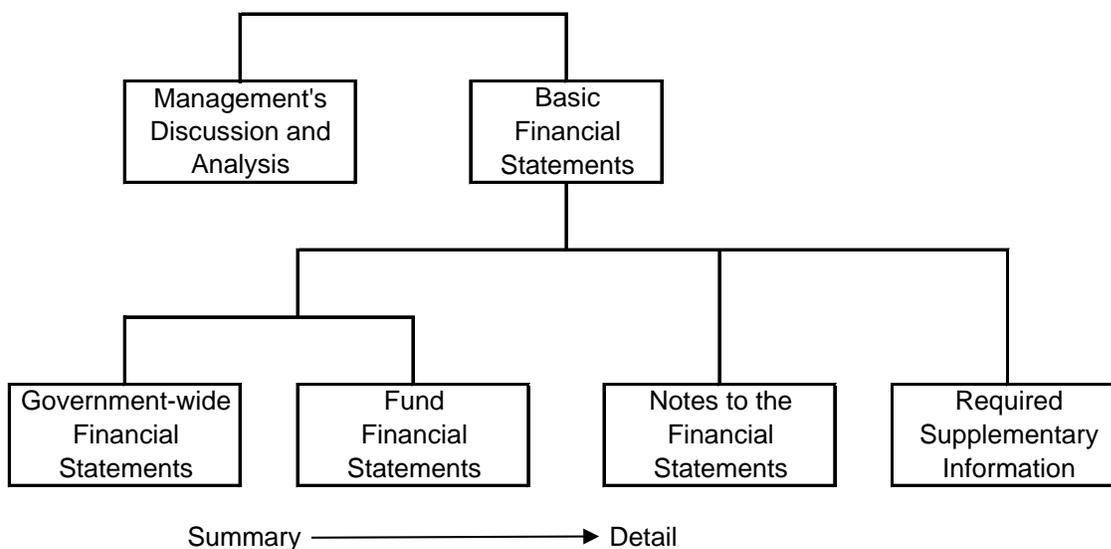
Financial Highlights

- The assets and deferred outflows of the Council *exceeded* its liabilities and deferred inflows at the close of the fiscal year by \$487,021 (net position).
- The Council's total net position *decreased* by \$2,632 from June 30, 2019 to June 30, 2020, primarily due to an increase in expenditures that are not grant reimbursable and the retirement of capital assets this fiscal year.
- As of the close of the current fiscal year, the Council's general fund reported ending fund balance of \$531,230, an *increase* of \$100,964 from June 30, 2019. Approximately 95.6% of this total amount, or \$507,946, which is the general fund's unassigned fund balance, is available for spending at the Council's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$507,946, or 22.0% of total expenditures for all funds (excluding pass through expenditures) for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Council through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Council.

Figure 1



Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements

The first two statements (pages 10 and 11) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short- and long-term information about the Council's financial status.

The next statements (pages 12 through 16) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. Budgetary information required by the General Statutes can be found in this part of the statements.

The next section of the basic financial statements is the **Notes to Financial Statements**. The notes to financial statements explain in detail some of the data contained in those statements. After the notes, **required supplementary information** and **supplementary information** is provided to show details about the Council's individual funds. More budgetary information required by the General Statutes can be found in this part of the statements.

Government-Wide Financial Statements

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

The two government-wide financial statements report the Council's net position and how it has changed. Net position is the difference between the Council's total assets and deferred outflows and total liabilities and deferred inflows. Measuring net position is one way to gauge the Council's financial condition.

The government-wide financial statements present governmental activities which are divided into five categories: (1) General; (2) Aging; (3) Workforce Development; (4) Continuum of Care; and (5) Non-major funds. The governmental activities include the Council's basic services. State and federal grant funds finance most of these activities.

The government-wide financial statements are on pages 10 and 11 of this report.

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Council's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Council's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

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

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 17 through 32 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain other supplementary information. That information can be found beginning on page 33 of this report.

Government-Wide Financial Analysis

	Governmental Activities	
	2020	2019
Current and other assets	\$ 1,598,751	\$ 1,490,597
Capital assets	7,408	16,087
Total assets	1,606,159	1,506,684
Deferred outflows of resources	268,845	303,186
Other liabilities	905,306	919,814
Net pension liability	402,538	329,993
Long-term liabilities	80,139	68,701
Total liabilities	1,387,983	1,318,508
Deferred inflows of resources	-	1,709
Net position:		
Investment in capital assets	7,408	16,087
Restricted:		
Stabilization by state statute	1,067,121	1,060,331
Unrestricted (deficit)	(587,508)	(586,765)
Total net position	\$ 487,021	\$ 489,653

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

Net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Council exceeded liabilities and deferred inflows by \$487,021 as of June 30, 2020. The Council's net position *decreased* by \$2,632 from June 30, 2019 to June 30, 2020. Additionally, \$7,408 of the net position is invested in capital assets, \$1,067,121 is restricted and the remaining balance (a deficit) of (\$587,508) is unrestricted.

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 272,672	\$ 205,222
Operating grants and contributions	9,049,773	8,458,806
General revenues:		
Local dues	225,300	215,589
Investment earnings, unrestricted	5,217	7,902
Total revenues	9,552,962	8,887,519
Expenses:		
General government	28,926	13,859
Area agency on aging	4,985,553	4,508,748
Continuum of care	264,960	554,429
Local government services	409,139	498,713
Workforce development	3,867,016	3,259,787
Total expenses	9,555,594	8,835,536
Change in net position	(2,632)	51,983
Net position, July 1	489,653	437,670
Net position, June 30	\$ 487,021	\$ 489,653

Governmental Activities. Governmental activities decreased the Council's net position by \$2,632, thereby accounting for 100% of the total decrease in the net position of the Council. Key elements of this decrease are as follows:

- Increase in expenditures that are not grant reimbursable and the retirement of capital assets this fiscal year.

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the Council's Funds

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

Governmental Funds. The focus of the Council's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Council's financing requirements. Specifically, unassigned 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 the Council. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$507,946, while total fund balance of the General Fund was \$531,230. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. General Fund unassigned fund balance represents 22.0% of total expenditures for all funds (excluding pass through expenditures).

At June 30, 2020, the governmental funds of the Council reported a combined fund balance of \$693,445, an approximate 21.5% increase from last year.

Budgetary Highlights. During the fiscal year, the Council revised the budget on several occasions. Generally, budget amendments fall into one of four 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; (3) increases in locally generated funds for planning service contracts and providing training workshops; and (4) decreases of federal and/or State grants due to reversion of under-utilized funds. Total amendments increased the Council's budgeted revenues by \$5,522,220. The increase was due to several factors:

- a. More than half of the budget increases are a result of the Council being awarded Families First Coronavirus Relief Act (FFCRA) and Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. The Aging Program was awarded funds from both stimulus bills. The Continuum of Care, Local Government Services, and Workforce Development programs received CARES Act funds. These awards all carry forward into the next fiscal year.
- b. The remaining budget increases result from higher prior fiscal year carryover amounts than were budgeted in the Continuum of Care, Local Government Services, and Workforce Development programs. Additionally, the Aging and Workforce Development programs increased from higher actual funding allocations than were anticipated when the original budget was prepared.

Approximately 77% of the Council's final budget is for contracted services or pass-through funds to other agencies. Should these agencies not provide the level of services for which they have been contracted, they do not receive reimbursement.

Capital Asset and Debt Administration

Capital Assets. The Council's investment in capital assets for its governmental activities as of June 30, 2020, totals \$7,408 (net of accumulated depreciation). These assets include computer network servers, a telephone system and a printer-plotter.

Additional information on the Council's capital assets can be found in Note 1.F.5. and Note 2.A.1. of the Basic Financial Statements.

The Council does not have any long-term obligations other than accrued compensated absences and its pro-rata share of the net pension liability of the NC Local Government Employees Retirement System.

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the stability and prosperity of the Council.

- Despite disruptions from the Coronavirus pandemic to the Cape Fear region's social and economic systems, the Council anticipates that our net position and fund balance will remain consistent during the next fiscal year. Our members have indicated that they will continue to support next year's budget with dues and matching funds at the same rate as previous years.
- In reaction to the pandemic, the federal government passed multiple economic stimulus bills. All of the Council's programs received funds from stimulus grants that will carry forward into the 2020-21 fiscal year. The Council is also exploring opportunities to apply for additional funding through federal and state agencies to help our communities rebound from the effects of pandemic.
- Since the Council's funding depends on federal and state grants, the Council's management team will continue to monitor industry update concerning federal and state appropriations and will adjust expenditure and budget projections to reflect any changes to current estimates.

Requests for Information

This report is designed to provide an overview of the Council's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Dawn Tucker, Finance Officer, Cape Fear Council of Governments, 1480 Harbour Drive, Wilmington, NC 28401, dtucker@capefearcog.org, (910) 395-4553.

Cape Fear Council of Governments

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Cash and investments	\$ 562,460
Receivables:	
Accounts	77,732
Due from other governmental agencies	927,589
Prepaid costs	30,970
Total current assets	<u>1,598,751</u>
Capital assets, net of depreciation	7,408
Total assets	<u>1,606,159</u>
Deferred Outflows of Resources	
Pension deferrals	175,159
Contributions to pension plan in current fiscal year	93,686
Total deferred outflows of resources	<u>268,845</u>
Liabilities	
Accounts payable and accrued liabilities	768,644
Unearned revenue	136,662
Total current liabilities	<u>905,306</u>
Net pension liability	402,538
Long-term liabilities	80,139
Total liabilities	<u>1,387,983</u>
Net Position	
Investment in capital assets	7,408
Restricted:	
Stabilization by state statute	1,067,121
Unrestricted (deficit)	(587,508)
Total net position	<u>\$ 487,021</u>

See notes to financial statements.

Cape Fear Council of Governments

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 28,926	\$ 4,911	\$ -	\$ (24,015)
Aging programs	4,985,553	-	4,882,189	(103,364)
Workforce development	3,867,016	-	3,799,719	(67,297)
Continuum of care	264,960	78,119	169,955	(16,886)
Local government services	409,139	189,642	197,910	(21,587)
Total governmental activities	\$ 9,555,594	\$ 272,672	\$ 9,049,773	(233,149)
General revenues:				
Local dues				225,300
Investment earnings				5,217
Total general revenues				230,517
Change in net position				(2,632)
Net position, beginning				489,653
Net position, ending				\$ 487,021

Cape Fear Council of Governments

Balance Sheet – Governmental Funds
June 30, 2020

	General	Aging Programs	Workforce Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 562,460	\$ -	\$ -	\$ -	\$ 562,460
Receivables:					
Accounts	829	-	-	76,903	77,732
Due from other governmental agencies	5,902	531,659	358,658	31,370	927,589
Due from other funds	-	47,620	-	14,451	62,071
Prepaid items	16,553	-	14,417	-	30,970
Total assets	\$ 585,744	\$ 579,279	\$ 373,075	\$ 122,724	\$ 1,660,822
Liabilities and Fund Balances					
Accounts payable and accrued liabilities	\$ 2,881	\$ 531,402	\$ 208,909	\$ 25,452	\$ 768,644
Due to other funds	48,949	271	12,851	-	62,071
Unearned revenue	2,684	23,108	100,121	10,749	136,662
Total liabilities	54,514	554,781	321,881	36,201	967,377
Fund Balances					
Nonspendable:					
Prepaid items	16,553	-	14,417	-	30,970
Restricted:					
Stabilization by state statute	6,731	579,008	358,658	122,724	1,067,121
Unassigned (deficit)	507,946	(554,510)	(321,881)	(36,201)	(404,646)
Total fund balances	531,230	24,498	51,194	86,523	693,445
Total liabilities and fund balances	\$ 585,744	\$ 579,279	\$ 373,075	\$ 122,724	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					7,408
Net pension liability					(402,538)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position					93,686
Accrued compensated absences are not expenditures and therefore are not reported in the funds					(80,139)
Pension related deferrals					175,159
Net position of governmental activities					\$ 487,021

See notes to financial statements.

Cape Fear Council of Governments

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2020**

	General	Aging Programs	Workforce Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Federal	\$ -	\$ 3,024,636	\$ 3,799,719	\$ 361,903	\$ 7,186,258
State	-	1,857,553	-	5,962	1,863,515
Local	230,211	-	-	267,761	497,972
Interest	5,217	-	-	-	5,217
Total revenues	235,428	4,882,189	3,799,719	635,626	9,552,962
Expenditures					
Current:					
General government	21,444	-	-	-	21,444
Aging programs	-	4,958,885	-	-	4,958,885
Workforce development	-	-	3,799,719	-	3,799,719
Continuum of care	-	-	-	245,946	245,946
Local government services	-	-	-	404,306	404,306
Total expenditures	21,444	4,958,885	3,799,719	650,252	9,430,300
Revenues over (under) expenditures	213,984	(76,696)	-	(14,626)	122,662
Other financing sources (uses)					
Transfers in / (out)	(113,020)	76,918	-	36,102	-
Total other financing sources (uses)	(113,020)	76,918	-	36,102	-
Net change in fund balance	100,964	222	-	21,476	122,662
Fund balance, beginning of year	430,266	24,276	51,194	65,047	570,783
Fund balance, end of year	\$ 531,230	\$ 24,498	\$ 51,194	\$ 86,523	\$ 693,445

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

Net change in fund balances, total governmental funds (above)	\$ 122,662
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which outlays exceed depreciation expense in the current period	(5,337)
Loss on disposal of capital assets	(3,342)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	93,686
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense and changes in deferrals	(198,863)
Compensated absences	(11,438)
Change in net position of governmental activities	\$ (2,632)

See notes to financial statements.

Cape Fear Council of Governments

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local			\$ 230,211	
Interest			5,217	
Total revenues	27,000	32,000	235,428	203,428
Expenditures				
Current:				
Salaries			198,578	
Fringe			57,307	
Rent			49,720	
Professional services			5,261	
Telephone			2,253	
Supplies			16,740	
Postage			572	
Travel/training			5,371	
Insurance			803	
Data processing			14,665	
Meeting costs			12,908	
Maintenance			4,496	
Leased equipment			4,696	
Dues and subscriptions			9,681	
Advertising			587	
Audit			1,533	
	421,972	431,972	385,171	46,801
Overhead allocation	(394,972)	(404,972)	(363,727)	(41,245)
Total expenditures	27,000	32,000	21,444	5,556
Revenues over expenditures	-	-	213,984	208,984
Other financing uses				
Operating transfers out	-	-	(113,020)	(113,020)
Revenues over expenditures and other financing uses	\$ -	\$ -	100,964	\$ 95,964
Fund balance, beginning of year			430,266	
Fund balance, end of year			\$ 531,230	

See notes to financial statements.

Cape Fear Council of Governments

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Aging Programs Fund
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 3,024,636	
State			1,857,553	
Total revenues	4,265,064	6,645,992	4,882,189	(1,763,803)
Expenditures				
Current:				
Pass-through			4,178,303	
Salaries			336,413	
Fringe			136,382	
Rent			16,761	
Telephone			5,298	
Supplies			19,912	
Postage			476	
Travel/training			22,662	
Insurance			1,453	
Data processing			7,990	
Meeting costs			2,043	
Maintenance			1,567	
Leased equipment			2,079	
Dues and subscriptions			48,572	
Audit			17,309	
Advertising			18,345	
Overhead allocation			143,320	
Total expenditures	4,265,064	6,645,992	4,958,885	1,687,107
Revenues under expenditures	-	-	(76,696)	(76,696)
Other financing sources				
Operating transfers in	-	-	76,918	76,918
Revenues over expenditures and other financing sources	\$ -	\$ -	222	\$ 222
Fund balance, beginning of year			24,276	
Fund balance, end of year			\$ 24,498	

See notes to financial statements.

Cape Fear Council of Governments

**Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Workforce Development Programs Fund
Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 3,799,719	
Total revenues	5,490,223	8,516,679	3,799,719	(4,716,960)
Expenditures				
Current:				
Pass-through			2,937,909	
Salaries			311,384	
Fringe			111,210	
Rent			182,976	
Professional services			16,680	
Telephone			1,440	
Supplies			7,357	
Postage			83	
Travel/training			24,135	
Insurance			1,423	
Meeting costs			2,508	
Maintenance			5,486	
Utilities			16,514	
Leased equipment			4,044	
Data processing			32,641	
Dues and subscriptions			3,362	
Advertising			453	
Audit			12,283	
Overhead allocation			127,831	
Total expenditures	5,490,223	8,516,679	3,799,719	4,716,960
Revenues under expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			<u>51,194</u>	
Fund balance, end of year			<u><u>\$ 51,194</u></u>	

See notes to financial statements.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting policies of Cape Fear Council of Governments (the Council) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The Council was established in 1972 to perform and carry out such powers, duties and responsibilities as authorized by North Carolina legislation. The Council is one of the 18 regional planning and management agencies serving local governments in North Carolina. The Council serves Region O, which includes Brunswick, Columbus, New Hanover and Pender Counties and the municipalities within their boundaries as a jointly governed organization. Working under the direction of locally elected officials representing member governments, the Council plans and administers a variety of federal, state and local programs.

As described below, although the Council is accounted for as a governmental entity, the Council does not have the statutory authority to levy taxes or issue bonds.

The financial statements do not include any component units, legally separate entities for which the Council is considered to be financially accountable, because no such component units exist. Additionally, the Council is not considered to be a component unit of any other government.

B. Basis of Presentation and Measurement Focus Basis of Accounting

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government (the Council). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of a local government unit. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Council has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have not been reversed for the statement of activities. Program revenues include: (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Council's funds. The Council currently only maintains governmental funds. The emphasis of governmental fund financial statements is on major governmental funds, each displayed in a separate column, along with a column for aggregate non-major funds.

The Council reports the following major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Aging Programs Special Revenue Fund – The Aging Programs Fund facilitates the receipt of federal and state grants and the disbursement of the grant money to local governments and nonprofit agencies who fulfill the grant requirements by providing services to the state's elderly (60+) population, enabling those individuals to remain in their homes for as long as possible while at the same time providing care and a safe environment in their later years.

Workforce Development Programs Special Revenue Fund – The Workforce Development Programs Fund facilitates the receipt of federal and state grants and the disbursement of the grant money to state agencies, local governments and nonprofit agencies who fulfill the grant requirements by providing services designed to help Americans access the tools they need to manage their careers through information and high-quality services, and to help U.S. companies find skilled workers.

The Council reports the following non-major governmental funds:

Continuum of Care Fund – The Continuum of Care Fund accounts for activities designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and state and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Local Government Services Fund – The Local Government Services Fund accounts for activities designed to assist local area governments in developing growth plans and any other activity that may assist local governments in planning for the future of their communities.

Measurement Focus/Basis of Accounting

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 (available is defined as: cash to be received within 90 days after fiscal year-end). Expenditures are recorded when the related fund liability is incurred, except for claims and judgements, compensated absences, and pension expenses, which are recognized as expenditures to the extent they are due and have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Grant proceeds received but unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Council funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position and fund balance available to finance the program. It is the Council's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Budgetary Data

The Council's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general fund and the special revenue funds. All annual appropriations lapse at the fiscal year-end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the fund level for all annually budgeted funds. Amendments are required for any revisions that alter total expenditures of any fund by more than \$5,000. The governing board must approve all amendments. 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.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amounts in the financial statements and related note disclosures during the period. Actual results could differ from those estimates.

E. Indirect Costs

Indirect costs in program or project expenditures are those costs not readily assignable to a program or incurred for a common or joint purpose benefiting more than one program or project. Indirect costs are charged to programs or projects during the year based on direct salaries and fringe benefits using a cost methodology plan.

As a local government entity, and a public authority, the Council complies with the indirect cost methodology regulated by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the North Carolina State Treasurer Policies, Section 55, User Fees – Utilizing Expense/Expenditure Information.

Per definition of the Uniform Grant Guidance, the Council is a multi-function entity. The multi-functions include five categories or functions: General Government, Aging Programs, Workforce Development, Local Government Services and Continuum of Care. To comply with the requirements of CFR §200.56, the Council captures all indirect costs into one separate cost pool at the time of expenditure. On a monthly basis, the indirect costs are allocated to each function, and to individual awards and activities within that function, by means of the indirect cost methodology – direct salaries and wages. Each month a percentage relationship is determined between salaries of a particular award or activity and its relation to the total salaries for the Council as a whole. The determined percentage is applied to all indirect costs held in the pool. The indirect costs are then distributed to indirect line-items within each award or activity on that basis.

F. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

1. Deposits and Investments

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

At June 30, 2020, the carrying amount of the Council's deposits was \$116,570 and the bank balance was \$884,740.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

All of the Council's deposits are either insured or collateralized under the Pooling Method, a system of state-wide single financial institution collateral pools, whereby all uninsured deposits are collateralized with securities held by the state treasurer's agent in the name of the state treasurer. Since the state treasurer is acting in a fiduciary capacity for the Council, these deposits are considered to be held by the Council's agent in the Council's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the state treasurer the adequacy of their pooled collateral covering uninsured deposits. The state treasurer does not confirm this information with the Council or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Council under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each Pooling Method depository. Of the bank balance, \$250,000 was covered by federal depository insurance and \$634,740 was covered by collateral held under the Pooling Method. The Board has no formal policy regarding custodial credit risk for deposits, but informally complies with North Carolina General Statute 159-31.

North Carolina General Statute 159-30(c) authorizes the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Council's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The Council's investments in the NCCMT Government Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Because the NCCMT Government portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with less than 6 months maturity. At June 30, 2020, the Council's investments consisted of \$445,890 and were limited to the NCCMT Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Council has no formal policy regarding credit risk.

The Council had one type of investment, NCCMT Government Portfolio, which was categorized as having a Level 1 fair value measurement method.

2. Cash and Cash Equivalents

The Council pools substantially all of its funds in its General Fund to facilitate disbursement and investment and to maximize investment income. Deposits and investments with a maturity date of three months or less are considered cash or cash equivalents.

3. Allowances for Doubtful Accounts

The Council does not maintain an allowance for doubtful accounts. Losses arising from uncollected accounts receivable are estimated to be insignificant.

4. Prepaid Costs

Prepaid costs consist of various prepaid operational expenses.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

5. Capital Assets

Purchased capital assets are reported at cost in the government-wide financial statements. Minimum capitalization costs are as follows: furniture and equipment and all other capital assets, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Council are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Office and computer equipment	3-7

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has two items that meet the criterion for this category in the government-wide financial statements: contributions made to the pension plan in the 2020 fiscal year and other pension related deferrals. In addition to liabilities, the statement of net position/balance sheet 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.

7. Compensated Absences

The vacation policies of the Council provide for the accumulation of up to 225 hours earned vacation leave with such leave being fully vested when earned. Upon termination of employment, the entire accumulated vacation leave balance is paid out based on the compensation rate in effect at the date of termination. For the Council'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. At June 30, 2020, the Council had accrued \$80,139 for earned vacation leave. This amount is included in long-term liabilities on the accompanying statement of net position.

In the governmental fund financial statements, an expenditure and a liability for compensated absences is recorded when due and payable, which occurs when the vacation is used or upon termination of an eligible employee.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

8. Net Position/Fund Balances

Net Position

Net position in government-wide financial statements is classified as 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.

Fund Balances

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

The governmental fund balance 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.

Prepays – Portion of fund balance that is not an available resource because it represents the year-end balances of ending prepaids, which are not spendable resources.

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

Restricted for stabilization by state statute – Portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by unearned revenues.

Restricted for aging programs – Portion of fund balance that is restricted by revenue source for use with aging programs.

Restricted for workforce programs – Portion of fund balance that is restricted by revenue source for use with workforce programs.

Restricted for local government services – Portion of fund balance that is restricted by revenue source for use with local government service programs.

Restricted for continuum of care – Portion of fund balance that is restricted by revenue source for use with continuum of care programs.

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

Assigned Fund Balance – The portion of fund balance that the Council intends to use for specific purposes.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

9. Pensions

The Council participates in a cost-sharing multiple-employer, defined benefit plan that is administered by the state of North Carolina.

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

Note 2. Detail Notes on All Funds

A. Assets

1. Capital Assets

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

	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 46,002	\$ -	\$ 14,976	\$ 31,026
Less accumulated depreciation for equipment	29,915	5,337	11,634	23,618
Governmental activity capital assets, net	<u>\$ 16,087</u>	<u>\$ (5,337)</u>	<u>\$ 3,342</u>	<u>\$ 7,408</u>

Depreciation expense charged to functions/programs of the primary government is as follows:

General Government	\$ 3,151
Aging Programs	537
Workforce Development	313
Local Government Services	1,336
	<u>\$ 5,337</u>

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities and Deferred Inflows of Resources

1. Pension Plan Obligations

North Carolina Local Governmental Employees' Retirement System

Plan Description – The 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 (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives and the State Treasurer and State Superintendent, who serve as ex-officio members. LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided – LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Council's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Council's contractually required contribution rate for the year ended June 30, 2020, was 8.95% of compensation, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Council were \$93,686 for the year ended June 30, 2020.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

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

At June 30, 2020, the Council reported a liability of \$402,538 for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, utilizing update procedures incorporating the actuarial assumptions. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Council's proportion was 0.01474%, which was an increase of approximately 0.0083% from its proportion as of June 30, 2019.

For the year ended June 30, 2020, the Council recognized pension expense of \$105,177. At June 30, 2020, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,929	\$ -
Changes in assumptions	65,604	-
Net difference between projected and actual earnings on pension plan investments	9,819	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	30,807	-
Contributions subsequent to the measurement date	93,686	-
	<u>\$ 268,845</u>	<u>\$ -</u>

\$93,686 reported as deferred outflows of resources related to pensions resulting from Council's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2020	\$ 84,153
2021	31,047
2022	46,001
2023	13,958
	<u>\$ 175,159</u>

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

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

Inflation	3.0%
Salary increases	3.50 to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation, were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

Sensitivity of the Council's proportionate share of the net pension liability to changes in the discount rate – The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Council's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Council's proportionate share of the net pension liability (asset)	\$ 920,678	\$ 402,538	\$ (28,141)

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

2. Unearned Revenue

The balance in unearned revenue at June 30, 2020, which generally consists of money received from the various funding sources in advance, is comprised of the following:

Aging Programs Fund	
Aging administration	\$ 23,108
General Fund	
Charges for services	2,684
Workforce Investment Fund	
Advance drawdowns	100,121
Nonmajor Fund	
Local government services	10,749
	<u>\$ 136,662</u>

3. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Compensated absences	\$ 68,701	\$ 26,442	\$ 15,004	\$ 80,139

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

C. Interfund Balances and Transfer Activity

All cash accounts are recorded in the general fund and, as a result, interfund receivables and payables exist. Short-term interfund receivables and payables at June 30, 2020, were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 48,949
Aging Programs Fund	47,620	271
Workforce Development Fund	-	12,851
Local Government Services Fund	1,059	-
Continuum of Care Fund	13,392	-
	<u>\$ 62,071</u>	<u>\$ 62,071</u>

Transfer to/from other funds at June 30, 2020 consist of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 113,020
Aging Programs Fund	76,918	-
Local Government Services Fund	36,102	-
	<u>\$ 113,020</u>	<u>\$ 113,020</u>

The General Fund provides the basis of local resources for the special revenue funds. These transactions are recorded as "Transfers out" or "Transfer of local matching funds" in the General Fund and "Transfers in" or "Transfer of local matching funds" in the receiving fund.

D. Fund Balance

The Council has a revenue spending policy for programs with multiple revenue sources. The Finance Officer works with the Department Director to ensure the use of resources in the following hierarchy: federal funds, state funds, local funds and Council funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and unassigned fund balance. The Finance Officer has Board authorization to deviate from this policy if it is in the best interest of the Council. The following shows to the public the portion of the General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 531,230
Less:	
Nonspendable fund balance	16,553
Stabilized by state statute	6,731
Remaining fund balance	<u>\$ 507,946</u>

Cape Fear Council of Governments

Notes to Financial Statements

Note 3. Summary Disclosure of Other Significant Commitments and Contingencies

A. Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Council has general liability and auto liability coverage of \$1,000,000 per occurrence and workers' compensation coverage in accordance with statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation. The Council carries commercial insurance 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 commercial insurance coverage in any of the past five fiscal years.

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

B. Operating Leases

The Council is committed under an office space lease, which is considered for accounting purposes to be an operating lease. If operational funding is not available for the Council, the Council may vacate the premises and void this lease provided the Council has given 60 days' written notice to the landlord. The Council also has non-cancelable leases for certain office buildings and office equipment. Rent under these leases for the year ended June 30, 2020, amounted to \$265,183. Future minimum lease payments for the office and equipment leases are as follows:

Years ending June 30:	
2021	\$ 284,176
2022	286,053
2023	289,480
2024	206,398
2025	183,520
Thereafter	45,500
	<u>\$ 1,295,127</u>

The Council also leases additional storage space on a year-to-year basis and rents meeting space on an as-needed basis.

C. Federal and State Assisted Programs

The Council has received significant amounts of proceeds from 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.

Cape Fear Council of Governments

Notes to Financial Statements

Note 4. Related Party Transactions

During the year ended June 30, 2020, the Council received and recorded dues revenues of approximately \$180,000 from member governments, including Brunswick, Columbus, New Hanover and Pender Counties and the municipalities within their boundaries.

Also during the year ended June 30, 2020, the Council expended the following amounts to member governments, in the form of pass-through monies:

Columbus County	\$ 694,914
New Hanover County	1,425,138
Pender County, directed to Pender Adult Services	571,015
Brunswick County, directed to Brunswick Senior Resources, Inc.	1,461,918
	<u>\$ 4,152,985</u>

Note 5. Pronouncements Issued, Not Yet Implemented

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that have effective dates that may affect future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statement may have on the financial statements of the Council:

GASB Statement Number 87, *Leases*, will be effective for the Council beginning with its year ending June 30, 2022.

GASB Statement Number 90, *Majority Equity Interests*, will be effective for the Council beginning with its year ending June 30, 2021.

GASB Statement Number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the Council beginning with its year ending June 30, 2021.

GASB Statement Number 92, *Omnibus 92*, will be effective for the Council beginning with its year ending June 30, 2022.

GASB Statement Number 93, *Replacement of Interbank Offered Rates*, will be effective for the Council beginning with its year ending June 30, 2022.

GASB Statement Number 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will be effective for the Council beginning with its year ending June 30, 2022.

GASB Statement Number 91, *Conduit Debt Obligations*, will be effective for the Council beginning with its year ending June 30, 2023.

GASB Statement Number 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the Council beginning with its year ending June 30, 2023.

GASB Statement Number 96, *Subscription-Based Information Technology Arrangements*, will be effective for the Council beginning with its year ending June 30, 2023.

Cape Fear Council of Governments

Notes to Financial Statements

Note 6. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Council.

Required Supplementary Information

Cape Fear Council of Governments

**Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years***

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015
Council's proportion of the net pension liability (asset) (%)	0.01474%	0.01391%	0.01236%	0.01273%	0.01163%	(0.00926%)
Council's proportion of the net pension liability (asset) (\$)	\$ 402,538	\$ 329,993	\$ 188,827	\$ 270,174	\$ 52,195	\$ (54,611)
Council's covered-employee payroll	\$ 1,073,213	\$ 1,003,627	\$ 939,503	\$ 965,255	\$ 930,506	\$ 728,226
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.51%	32.88%	20.10%	27.99%	5.61%	-7.50%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

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

** This will be the same percentage for all participant employers in the LGERS plan.

This schedule is intended to compile information for 10 years. Additional years will be presented as they are available.

Cape Fear Council of Governments

**Schedule of Contributions
Required Supplementary Information
Last Six Fiscal Years**

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 93,686	\$ 83,174	\$ 75,272	\$ 68,114	\$ 64,383	\$ 65,786
Contributions in relation to the contractually required contribution	93,686	83,174	75,272	68,114	64,383	65,786
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Council's covered-employee payroll	\$ 1,046,771	\$ 1,073,213	\$ 1,003,627	\$ 939,503	\$ 965,255	\$ 930,506
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%

This schedule is intended to compile information for 10 years. Additional years will be presented as they are available.

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Supplementary Information

Cape Fear Council of Governments

Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	Continuum of Care Fund	Local Government Services	Total Nonmajor Governmental Funds
Assets			
Receivables:			
Accounts	\$ -	\$ 76,903	\$ 76,903
Due from other governmental agencies	31,370	-	31,370
Due from other funds	13,392	1,059	14,451
Total assets	\$ 44,762	\$ 77,962	\$ 122,724
Liabilities and Fund Balances			
Accounts payable and accrued liabilities	\$ 12,804	\$ 12,648	\$ 25,452
Unearned revenue	-	10,749	10,749
Total liabilities	12,804	23,397	36,201
Fund Balances			
Restricted:			
Stabilization by state statute	44,762	77,962	122,724
Unassigned (deficit)	(12,804)	(23,397)	(36,201)
Total fund balances	31,958	54,565	86,523
Total liabilities and fund balances	\$ 44,762	\$ 77,962	\$ 122,724

Cape Fear Council of Governments

**Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020**

	Continuum of Care Fund	Local Government Services	Total Nonmajor Governmental Funds
Revenues			
Federal	\$ 169,955	\$ 191,948	\$ 361,903
State	-	5,962	5,962
Local	78,119	189,642	267,761
Total revenues	248,074	387,552	635,626
Expenditures			
Current:			
Continuum of care	245,946	-	245,946
Local government services	-	404,306	404,306
Total expenditures	245,946	404,306	650,252
Revenues over (under) expenditures	2,128	(16,754)	(14,626)
Other financing sources (uses)			
Transfers in	-	36,102	36,102
Total other financing sources (uses)	-	36,102	36,102
Net change in fund balance	2,128	19,348	21,476
Fund balance, beginning of year	29,830	35,217	65,047
Fund balance, end of year	\$ 31,958	\$ 54,565	\$ 86,523

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Nonmajor Continuum of Care Fund
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal:				
Department of Housing and Urban Development Emergency Solutions Grant			\$169,955	
Local:				
Other			78,119	
Total revenues	466,609	626,747	248,074	(378,673)
Expenditures				
Current:				
Salaries			60,515	
Fringe			24,644	
Rent			1,576	
Professional services			1,950	
Telephone			398	
Supplies			1,827	
Postage			43	
Travel/training			5,368	
Insurance			203	
Data processing			3,460	
Temporary services			-	
Meeting costs			98	
Maintenance			150	
Leased equipment			1,186	
Dues and subscriptions			265	
Advertising			-	
Audit			2,107	
Contracts and sub grants			120,121	
Overhead allocation			22,035	
Total expenditures	466,609	626,747	245,946	380,801
Revenues under expenditures	-	-	2,128	2,128
Other financing sources				
Operating transfers in	-	-	-	-
Revenues under expenditures and other financing sources	\$ -	\$ -	2,128	\$ 2,128
Fund balance, beginning of year			29,830	
Fund balance, end of year			<u>\$ 31,958</u>	

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Nonmajor Local Government Services Fund
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal:				
Highway Planning and Construction			\$124,317	
Department of Defense				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies			5,079	
MOTSU			6,146	
Environmental Protection Agency				
Water Quality Planning			10,154	
Department of Commerce				
EDA Disaster Recovery Grant			46,252	
State:				
N.C. Office of State Budget & Management				
Recovery Grant: Matthew			5,962	
Local:				
Contract revenue			189,642	
Total revenues	604,368	799,639	387,552	(412,087)
Expenditures				
Current:				
Salaries			181,407	
Fringe			56,346	
Rent			6,347	
Professional services			53,208	
Telephone			1,107	
Supplies			4,148	
Postage			124	
Travel/training			11,351	
Insurance			484	
Data processing			11,723	
Meeting costs			1,260	
Maintenance			591	
Leased equipment			2,801	
Dues and subscriptions			801	
Audit			2,069	
Overhead allocation			70,539	
Total expenditures	604,368	799,639	404,306	395,333
Revenues under expenditures	-	-	(16,754)	(16,754)
Other financing sources				
Operating transfers in	-	-	36,102	36,102
Revenues under expenditures and other financing sources	\$ -	\$ -	19,348	\$ 19,348
Fund balance, beginning of year			35,217	
Fund balance, end of year			\$ 54,565	

Cape Fear Council of Governments

Combining Balance Sheet by Program – Aging Programs Fund
June 30, 2020

	Aging Administration Title III B & C	Ombudsman Program	Family Caregiver Support	Other Aging Programs	Total
Assets					
Receivables:					
Due from other governmental agencies	\$ 478,427	\$ 82	\$ 53,109	\$ 41	\$ 531,659
Due from other funds	47,500	79	-	41	47,620
Total assets	\$ 525,927	\$ 161	\$ 53,109	\$ 82	\$ 579,279
Liabilities and Fund Balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 478,321	\$ 161	\$ 52,838	\$ 82	\$ 531,402
Due to other governmental agencies	-	-	271	-	271
Unearned revenue	23,108	-	-	-	23,108
Total liabilities	501,429	161	53,109	82	554,781
Fund Balances					
Spendable:					
Restricted:					
For aging programs	525,927	161	52,838	82	579,008
Unassigned	(501,429)	(161)	(52,838)	(82)	(554,510)
Total fund balances	24,498	-	-	-	24,498
Total liabilities and fund balances	\$ 525,927	\$ 161	\$ 53,109	\$ 82	\$ 579,279

Cape Fear Council of Governments

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances by Program
 Aging Programs Fund
 Year Ended June 30, 2020

	Aging Administration Title III B & C	Ombudsman Program	Family Caregiver Support	Other Aging Programs	Total
Revenues					
Federal	\$ 2,378,622	\$ 113,113	\$ 262,290	\$ 270,611	\$ 3,024,636
State	1,314,831	66,544	17,486	458,692	1,857,553
Total revenues	3,693,453	179,657	279,776	729,303	4,882,189
Expenditures					
Current:					
Pass-through	3,740,686	-	150,702	286,915	4,178,303
Administration:					
Title III	267,863	-	-	-	267,863
Ombudsman	-	199,615	-	-	199,615
Family Caregiver Support	-	-	129,087	-	129,087
Other Aging Programs	-	-	-	184,017	184,017
Total expenditures	4,008,549	199,615	279,789	470,932	4,958,885
Revenues (under) over expenditures	(315,096)	(19,958)	(13)	258,371	(76,696)
Other financing sources (uses)					
Operating transfers in (out)	315,318	19,958	13	(258,371)	76,918
Revenues over expenditures and other financing sources	222	-	-	-	222
Fund balance, beginning of year	24,276	-	-	-	24,276
Fund balance, end of year	\$ 24,498	\$ -	\$ -	\$ -	\$ 24,498

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – Aging Administration Title III B & C Programs
 Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 2,378,622	
State			1,314,831	
Total revenues	3,247,279	5,372,334	3,693,453	(1,678,881)
Expenditures				
Current:				
Pass-through			3,740,686	
Salaries			122,781	
Fringe			44,877	
Rent			8,127	
Telephone			1,163	
Supplies			8,135	
Postage			252	
Travel/training			3,102	
Insurance			640	
Data processing			5,244	
Meeting costs			1,031	
Maintenance			753	
Leased equipment			778	
Dues and subscriptions			963	
Audit			14,783	
Advertising			375	
Overhead allocation			54,859	
Total expenditures	3,247,279	5,372,334	4,008,549	1,363,785
Revenues under expenditures	-	-	(315,318)	(315,096)
Other financing sources				
Operating transfers in	-	-	315,318	315,318
Revenues under expenditures and other financing sources	\$ -	\$ -	-	\$ 222
Fund balance, beginning of year			24,276	
Fund balance, end of year			<u>\$ 24,276</u>	

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – Ombudsman Program
 Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 113,113	
State			66,544	
Total revenues	154,732	267,528	179,657	(87,871)
Expenditures				
Current:				
Salaries			93,243	
Fringe			42,722	
Rent			4,126	
Telephone			2,117	
Supplies			2,069	
Postage			123	
Travel/training			10,437	
Insurance			407	
Data processing			1,271	
Meeting costs			51	
Maintenance			380	
Leased equipment			537	
Audit			753	
Overhead allocation			41,379	
Total expenditures	154,732	267,528	199,615	67,913
Revenues under expenditures	-	-	(19,958)	(19,958)
Other financing sources				
Operating transfers in			19,958	19,958
Revenues under expenditures and other financing sources	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Family Caregiver Support
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 262,290	
State			17,486	
Total revenues	234,932	374,978	279,776	(95,202)
Expenditures				
Current:				
Pass-through			150,702	
Salaries			60,940	
Fringe			24,410	
Rent			2,206	
Telephone			367	
Supplies			9,059	
Postage			26	
Travel/training			2,603	
Insurance			203	
Data processing			711	
Meeting costs			911	
Maintenance			211	
Leased equipment			602	
Dues and subscriptions			473	
Audit			518	
Overhead allocation			25,847	
Total expenditures	234,932	374,978	279,789	95,189
Revenues under expenditures	-	-	(13)	(13)
Other financing uses				
Operating transfers in	-	-	13	(13)
Revenues under expenditures and other financing uses	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Other Aging Programs
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 270,611	
State			458,692	
Total revenues	628,121	631,152	729,303	98,151
Expenditures				
Current:				
Pass-through:				
Operation Fan			4,824	
Senior Center Outreach			45,921	
Families First Coronavirus Response Act			236,170	
Salaries			59,449	
Fringe			24,373	
Rent			2,302	
Telephone			1,651	
Supplies			649	
Postage			75	
Travel/training			6,520	
Insurance			203	
Data processing			764	
Meeting costs			50	
Maintenance			223	
Leased equipment			162	
Dues and subscriptions			47,136	
Audit			1,255	
Advertising			17,970	
Overhead allocation			21,235	
Total expenditures	628,121	631,152	470,932	160,220
Revenues over expenditures	-	-	258,371	258,371
Other financing uses				
Operating transfers out	-	-	(258,371)	(258,371)
Revenues over expenditures and other financing uses	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

Cape Fear Council of Governments

Schedule of Drawdowns and Expenditures – Workforce Development Fund
 Budget and Actual – Workforce Development Programs
 Year Ended June 30, 2020

Funding Source	Drawdowns			
	Funding Level	Prior to July 1, 2019	Fiscal Year June 30, 2020	Available June 30, 2020
17-2010-33	\$ 343,483	\$ (343,483)	\$ -	\$ -
18-2010-33	305,521	(146,508)	(159,013)	-
19-2010-33	327,883	-	(134,941)	192,942
	976,887	(489,991)	(293,954)	192,942
16-2020-33	896,422	(896,422)	-	-
17-2020-33	1,097,523	(1,097,523)	-	-
18-2020-33	988,674	(375,280)	(613,394)	
19-2020-33	1,064,139	-	(224,445)	839,694
	4,046,758	(2,369,225)	(837,839)	839,694
17-2030-33	829,497	(829,011)	-	486
18-2030-33	735,263	(214,203)	(521,060)	-
19-2030-33	780,192	-	(117,751)	662,441
	2,344,952	(1,043,214)	(638,811)	662,927
17-2040-33	1,164,334	(1,164,330)	-	4
18-2040-33	1,025,753	(315,032)	(710,721)	-
19-2040-33	1,106,616	-	(26,726)	1,079,890
	3,296,703	(1,479,362)	(737,447)	1,079,894
18-3110	292,500	(96,037)	(46,685)	149,778
18-3130	2,917,500	(850,000)	(1,065,292)	1,002,208
	3,210,000	(946,037)	(1,111,977)	1,151,986
Statewide	563,248	(315,300)	(279,314)	(31,366)
	563,248	(315,300)	(279,314)	(31,366)
Total	\$ 14,438,548	\$ (6,643,129)	\$ (3,899,342)	\$ 3,896,077

Expenditures					
Prior to July 1, 2019	Fiscal Year June 30, 2020	Draws (Over)/Under Expenditures	Due From Grantor June 30, 2020	Unearned Revenue June 30, 2020	
\$ 343,483	\$ -	\$ -	\$ -	\$ -	
146,508	159,013	-	-	-	
-	104,683	(30,258)	-	(30,258)	
489,991	263,696	(30,258)	-	(30,258)	
896,422	-	-	-	-	
1,097,523	-	-	-	-	
375,114	613,560	-	-	-	
-	204,714	(19,731)	-	(19,731)	
2,369,059	818,274	(19,731)	-	(19,731)	
829,011	-	-	-	-	
214,037	521,226	-	-	-	
-	98,439	(19,312)	-	(19,312)	
1,043,048	619,665	(19,312)	-	(19,312)	
1,164,330	-	-	-	-	
314,866	710,887	-	-	-	
-	6,730	(19,996)	-	(19,996)	
1,479,196	717,617	(19,996)	-	(19,996)	
68,420	74,302	-	-	-	
877,617	1,037,675	-	-	-	
946,037	1,111,977	-	-	-	
315,300	268,490	(10,824)	-	(10,824)	
315,300	268,490	(10,824)	-	(10,824)	
\$ 6,642,631	\$ 3,799,719	\$ (100,121)	\$ -	\$ (100,121)	

Cape Fear Council of Governments

**Schedule of Indirect Costs
For the Year Ended June 30, 2020**

		FY 2020 Actual Cost
<hr/>		
Total Indirect Annual Salaries		\$ 198,578
Total Indirect Fringe Benefits at 29.00% of Salary		57,307
Travel		5,371
Occupancy Costs		49,720
Operating Expense		52,751
Total Indirect Expenditures		<u>\$ 363,727</u>
Total Personnel Costs	\$ 1,443,221	
Less Total Indirect Salaries	(198,578)	
Less Total Indirect Fringe Benefits	<u>(57,307)</u>	
Total Direct Personnel Costs		<u>\$ 1,187,336</u>
Indirect Rate Calculation		
<u>Total Indirect Expenditures</u>	=	<u>\$ 363,727</u>
Total Direct Personnel Costs		\$ 1,187,336
		30.63%

Cape Fear Council of Governments

**Schedule of Fringe Benefits
For the Year Ended June 30, 2020**

	FY 2020 Actual Cost
Total Annual Salaries	<u>\$ 1,088,297</u>
FICA	\$ 82,089
LGERS Retirement	93,686
Supplemental Retirement	8,650
Group Insurance	165,807
Workers' Comp	3,026
Unemployment Insurance	1,666
Total Fringe Benefits	<u>\$ 354,924</u>
Fringe Benefit Rate Calculation	
$\frac{\text{Total Fringe Benefits}}{\text{Total Annual Salaries}} = \frac{\$ 354,924}{\$ 1,088,297} = 32.61\%$	
Total Annual Salaries	\$ 1,088,297
Total Fringe Benefits	354,924
Total Personnel Cost	<u>\$ 1,443,221</u>

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Compliance Section

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Executive Committee
Cape Fear Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Fear Council of Governments (the Council) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency (2020-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Council's Response to the Finding

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

Purpose of this Report

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

RSM US LLP

Wilmington, North Carolina
January 29, 2021

**Independent Auditor’s Report on Compliance
for the Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Executive Committee
Cape Fear Council of Governments

Report on Compliance for Each Major Federal Program

We have audited Cape Fear Council of Governments’ (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on the Council’s major federal program for the year ended June 30, 2020. The Council’s major federal program is identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Council’s compliance.

Opinion on the Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002 that we consider to be a significant deficiency.

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

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

RSM US LLP

Wilmington, North Carolina
January 29, 2021

**Independent Auditor's Report on Compliance
for the Major State Program and Report on Internal Control
Over Compliance Required by the State Single Audit Implementation Act**

Executive Committee
Cape Fear Council of Governments

Report on Compliance for the Major State Program

We have audited Cape Fear Council of Governments' (the Council) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on the Council's major state program for the year ended June 30, 2020. The Council's major State program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on the Major State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-003.

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

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

RSM US LLP

Wilmington, North Carolina
January 29, 2021

Cape Fear Council of Governments

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

		Unmodified	
<u> </u>	Yes	<u> X </u>	No
<u> X </u>	Yes	<u> </u>	None Reported

Noncompliance material to financial statements noted?

<u> </u>	Yes	<u> X </u>	No
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

<u> </u>	Yes	<u> X </u>	No
<u> X </u>	Yes	<u> </u>	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Identification of major federal programs:

		Unmodified	
<u> X </u>	Yes	<u> </u>	No

CFDA Number	Program Name
Aging Cluster	
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services
93.053	Nutrition Services Incentive Program

(Continued)

Cape Fear Council of Governments

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section I – Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between
 Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes No

State Awards

Internal control over major state programs:

Material weakness(es) identified?

Yes X No

Significant deficiency(ies) identified?

X Yes None Reported

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

Unmodified

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

X Yes No

Identification of major state program:

State match of Federal Amount CFDA Number

Program Name

Aging Cluster

N/A
 N/A
 N/A
 N/A
 N/A
 N/A
 N/A
 N/A

Ombudsman
 Access
 In-home/Support Services
 Home-delivered meals
 Title III P&A/AAA Administration
 Project CARE
 Senior Center Development
 Operation Fan

(Continued)

Cape Fear Council of Governments

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020**

Section II – Financial Statement Findings

Finding 2020-001:

Significant Deficiency in Internal Control – Segregation of Duties

Criteria:	Duties should be segregated to provide reasonable assurance that transactions are handled properly.
Condition:	There are inherent limitations in the effectiveness of the internal controls due to the lack of segregation of duties among the Council's personnel. Journal entry approval, in some circumstances, may not be properly segregated from their origination.
Effect:	Journal entries may not be subject to review by someone not involved with their origination, and errors or irregularities may be more likely to occur without being detected.
Cause/Context:	Due to budgetary constraints, there is a limited number of personnel in certain functions.
Identification of a repeat finding:	This is a repeat of finding 2019-001 from the immediate previous audit.
Recommendation:	The duties should continue to be separated as much as possible and alternative controls implemented as practical. The governing board may continue to provide some of these controls.
Views of responsible officials:	Refer to the Corrective Action Plan

(Continued)

Cape Fear Council of Governments

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020**

Section III – Federal Award Findings and Questioned Costs

Finding 2020-002:

Significant Deficiency in Internal Control over Compliance – Segregation of Duties

Federal Agency: U.S. Department of Health and Human Services

CFDA: CFDA 93.044, 93.045 and 93.053
Compliance requirements = A, B, G, M and N.

The limited size of the Council's staff, as described in Finding 2020-001 under Government Auditing Standards findings, also applies to the Council's major federal awards (repeat finding)

Pass-Through Entities: Brunswick Senior Resources, Inc.
Columbus County Dept. of Aging
Legal Services of the Lower Cape Fear
New Hanover County Dept. of Aging
Pender Adult Services

Questioned Cost: None identified.

Section IV – State Award Findings and Questioned Costs

Finding 2020-003:

Significant Deficiency in Internal Control over Compliance – Segregation of Duties

State Agency: N.C. Department of Health and Human Services

Compliance requirements = A, B, G, H, L, M and N.

Ombudsman
Access
InHome/Support Services
Home Delivered Meals
Title III P&A/AAA Administration
Project CARE
Senior Center Development
Operation Fan

The limited size of the Council's staff, as described in Finding 2020-001 under Government Auditing Standards findings, also applies to the Council's major State award (repeat finding)

Questioned Cost: None identified.



Serving Local Government in:

- Brunswick County**
 Bald Head Island
 Belville
 Boiling Spring Lakes
 Bolivia
 Calabash
 Carolina Shores
 Caswell Beach
 Holden Beach
 Leland
 Navassa
 Northwest
 Oak Island
 Ocean Isle Beach
 Sandy Creek
 Shallotte
 Southport
 St. James
 Sunset Beach
 Varnantown

- Columbus County**
 Boardman
 Bolton
 Brunswick
 Cerro Gordo
 Chadboom
 Fair Bluff
 Lake Waccamaw
 Sandyfield
 Tabor City
 Whiteville

- New Hanover County**
 Carolina Beach
 Kure Beach
 Wilmington
 Wrightsville Beach

- Pender County**
 Atkinson
 Burgaw
 St. Helena
 Surf City
 Topsail Beach
 Wallace
 Watha

- Affiliate Members**
 Holly Ridge
 North Topsail Beach



Corrective Action Plan

Year Ended June 30, 2020

Financial Statement Findings

Finding 2020-001:

Significant Deficiency in Internal Control – Segregation of Duties

Condition: Lack of segregation of duties.

Contact Person: Finance Director

Corrective Action: The Council will continue to segregate duties as much as possible until they are able to support the additional full time accounting staff.

Proposed Completion Date: ongoing, and dependent on funding availability.

Federal Award Findings and Questioned Costs

See Corrective Action Plan for Finding 2020-001

State Award Findings and Questioned Costs

See Corrective Action Plan for Finding 2020-001

Cape Fear Council of Governments



 Allen Serkin, Executive Director



 Dawn Tucker, Finance Director

1480 Harbour Drive, Wilmington, NC 28401-7776 • (910) 395-4553 • (910) 395-2684 Fax

www.capefearcog.org

An Equal Opportunity/Affirmative Action Employer/Program
 Auxiliary aids and services available upon request to individuals with disabilities.



Serving Local Government in:

- Brunswick County**
- Bald Head Island
- Belville
- Boiling Spring Lakes
- Bolivia
- Calabash
- Carolina Shores
- Caswell Beach
- Holden Beach
- Leland
- Navassa
- Northwest
- Oak Island
- Ocean Isle Beach
- Sandy Creek
- Shalotte
- Southport
- St. James
- Sunset Beach
- Varnantown

- Columbus County**
- Boardman
- Bolton
- Brunswick
- Cerro Gordo
- Chadbourn
- Fair Bluff
- Lake Waccamaw
- Sandyfield
- Tabor City
- Whiteville

- New Hanover County**
- Carolina Beach
- Kure Beach
- Wilmington
- Wrightsville Beach

- Pender County**
- Atkinson
- Burgaw
- St. Helena
- Surf City
- Topsail Beach
- Wallace
- Watha

- Affiliate Members**
- Holly Ridge
- North Topsail Beach



Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Financial Statement Findings

Finding 2019-001, 2019-02, 2019-03:

Status: Duties are being separated as much as possible. Repeat findings in current year as findings 2020-001.

Cape Fear Council of Governments



 Allen Serkin, Executive Director



 Dawn Tucker, Finance Director

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Cape Fear Council of Governments

**Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
Federal Awards					
<u>U.S. Department of Health and Human Services</u>					
Passed-through the N.C. Department of Health and Human Services – Division of Aging Adult Services Aging Cluster: (93.044, 93.045 & 93.053):					
Special Programs for the Aging – Title III B Ombudsman	93.044	NC-15	\$ 70,693	\$ 4,158	\$ -
Legal			19,639	1,157	-
Access			299,521	17,619	317,140
In-home/Support Services			320,092	18,241	338,333
Special Programs for the Aging – Title III C Congregate meals	93.045	NC-15	372,977	21,940	394,917
Home-delivered meals			679,074	39,946	719,020
Families First Congregate Meals			134,889	-	134,889
Families First Home Delivered Meals			101,281	-	101,281
Nutrition Services Incentive Program (NSIP)	93.053	NC-15	262,419	-	262,419
Total Aging Cluster			2,260,585	103,061	2,267,999
Money Follows the Person Rebalancing Demonstration	93.791	NC-15	1,168	-	-
Special Programs for the Aging – Title III D and F Preventive health	93.043	NC-15	65,537	2,645	45,921
Social Services Block Grant In-home	93.667	NC-15	384,444	10,984	395,428
Elder Abuse Prevention Title III Elder Abuse	93.041	NC-15	6,891	405	-
Special Programs for the Aging – Title VII E Ombudsman	93.042	NC-15	42,420	2,495	-
National Family Caregiver Support Program Family Caregiver Services	93.052	NC-15	262,290	17,486	150,702
Passed-through the N.C. Department of Insurance Senior's Health Insurance Information Program	93.048	NC-15	1,301	-	-
Total U.S. Department of Health and Human Services			3,024,636	137,076	2,860,050

(Continued)

Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
<u>U.S. Department of Labor</u>					
Passed-through the N.C. Department of Commerce – Division of Employment and Training					
National Dislocated Worker Grant: Hurricane Florence Workforce Investment and Opportunity Act Cluster: (17.258, 17.259, 17.278)	17.277	NC-33	\$ 1,111,977	\$ -	\$ 1,037,676
WIA Adult Program	17.258	NC-33	818,274	-	594,667
WIA Adult Program (2010 Administration)	17.258	NC-33	100,103	-	72,748
WIA Youth Activities	17.259	NC-33	717,618	-	497,577
WIA Youth Activities (2010 Administration)	17.259	NC-33	87,789	-	60,871
WIA Dislocated Workers	17.278	NC-33	619,666	-	422,574
WIA Dislocated Workers (2010 Administration)	17.278	NC-33	75,807	-	51,696
WIA State Wide Activities	17.278	NC-33	58,385	-	-
WIA Innovations Grant	17.259	NC-33	187,294	-	177,294
WIA Dislocated Workers Finish Line Grant	17.278	NC-33	22,806	-	22,806
Total Workforce Cluster			2,687,742	-	1,900,233
Total U.S. Department of Labor			3,799,719	-	2,937,909
<u>U.S. Department of Housing and Urban Development</u>					
Direct funding:					
Continuum of Care Planning Grant	14.267		14,545		
Passed-through the N.C. Department of Health and Human Services Emergency Solutions Grant					
	14.231	NC-15	155,410	-	120,121
Total U.S. Department of Housing and Urban Development			169,955	-	120,121
<u>U.S. Department of Defense</u>					
Direct funding:					
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies					
	12.610	NC-7	11,225	-	-
<u>U.S. Department of Commerce</u>					
Direct funding:					
EDA Disaster Recovery Grant	11.307		46,252	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through the N.C. Department of Environmental Quality, Division of Water Resources					
Water Quality Planning Grant	66.454	NC-15	10,154	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	NC-15	124,317	-	-

(Continued)

Cape Fear Council of Governments

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
State Awards					
<u>N.C. Department of Health and Human Services</u>					
Direct funding:					
Division of Aging					
Ombudsman 90% State funds	-	NC-15	\$ -	\$ 59,891	\$ 20,794
Access – 90% State funds	-	NC-12	-	169,763	169,763
In-home/Support Services – 90% State funds	-	NC-13	-	776,481	776,481
Home-delivered meals – 90% State funds	-	NC-14	-	251,231	251,231
Title III P&A/AAA Administration	-	NC-15	-	260,170	-
Project CARE	-	NC-15	-	102,957	-
Senior Center Development	-	NC-15	-	95,160	95,160
Operation Fan	-	NC-15	-	4,824	4,824
Total N.C. Department of Health and Human Services			-	1,720,477	1,318,253
<u>N.C. Office of State Budget & Management</u>					
Direct funding:					
Recovery Grant: Matthew	-	NC-15	-	5,962	-
Total assistance expended			\$ 7,186,258	\$ 1,863,515	\$ 7,236,333

See Notes to Schedule of Expenditures of Federal and State Awards.

Cape Fear Council of Governments

**Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Cape Fear Council of Governments and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Implementation Act*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The Council has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2. Subrecipients

Federal and State awards have been passed-through to subrecipients as follows for the year ended June 30, 2020:

Subrecipient	Program Name	Federal CFDA/ State			Total Federal and State Amount
		Pass-Through Number	Federal Amount	State Amount	
Brunswick Senior Resources, Inc.	Preventative Health	93.043	\$ 13,769	\$ 811	\$ 14,580
Columbus County Dept. of Aging	Preventative Health	93.043	7,176	422	7,598
New Hanover County Dept. of Aging	Preventative Health	93.043	16,917	996	17,913
Pender Adult Services	Preventative Health	93.043	5,506	324	5,830
Brunswick Senior Resources, Inc.	Access	93.044	75,554	4,444	79,998
Columbus County Dept. of Aging	Access	93.044	31,378	1,846	33,224
New Hanover County Dept. of Aging	Access	93.044	274,136	16,126	290,262
Pender Adult Services	Access	93.044	78,778	4,634	83,412
Legal Services of the Lower Cape Fear	Legal	93.044	25,318	-	25,318
Brunswick Senior Resources, Inc.	Congregate Meals	93.045	251,978	14,835	266,813
Columbus County Dept. of Aging	Congregate Meals	93.045	110,840	6,526	117,366
New Hanover County Dept. of Aging	Congregate Meals	93.045	132,123	7,778	139,901
Pender Adult Services	Congregate Meals	93.045	49,884	2,937	52,821
Brunswick Senior Resources, Inc.	Families First Congregate Meals	93.045	67,260	-	67,260
Columbus County Dept. of Aging	Families First Congregate Meals	93.045	15,577	-	15,577
New Hanover County Dept. of Aging	Families First Congregate Meals	93.045	18,444	-	18,444
Brunswick Senior Resources, Inc.	Families FirstHome Delivered Meals	93.045	74,702	-	74,702
New Hanover County Dept. of Aging	Families FirstHome Delivered Meals	93.045	60,187	-	60,187
Brunswick Senior Resources, Inc.	Home Delivered Meals	93.045	226,657	13,344	240,001
Columbus County Dept. of Aging	Home Delivered Meals	93.045	100,437	5,913	106,350
New Hanover County Dept. of Aging	Home Delivered Meals	93.045	338,108	19,905	358,013
Pender Adult Services	Home Delivered Meals	93.045	94,439	5,560	99,999
Brunswick Senior Resources, Inc.	Family Caregiver Support	93.052	44,999	3,000	47,999
Columbus County Dept. of Aging	Family Caregiver Support	93.052	30,000	2,000	32,000
New Hanover County Dept. of Aging	Family Caregiver Support	93.052	30,000	2,000	32,000
Pender Adult Services	Family Caregiver Support	93.052	36,284	2,419	38,703
Brunswick Senior Resources, Inc.	Nutrition Services Incentive Program	93.053	111,260	-	111,260
Columbus County Dept. of Aging	Nutrition Services Incentive Program	93.053	12,411	-	12,411
New Hanover County Dept. of Aging	Nutrition Services Incentive Program	93.053	103,298	-	103,298
Pender Adult Services	Nutrition Services Incentive Program	93.053	19,356	-	19,356
Brunswick Senior Resources, Inc.	In Home Support Services	NC-15	-	520,161	520,161
Columbus County Dept. of Aging	In Home Support Services	NC-15	-	345,092	345,092
New Hanover County Dept. of Aging	In Home Support Services	NC-15	-	391,291	391,291
Pender Adult Services	In Home Support Services	NC-15	-	249,180	249,180
Brunswick Senior Resources, Inc.	Operation Fan	NC-15	-	396	396
Columbus County Dept. of Aging	Operation Fan	NC-15	-	620	620
New Hanover County Dept. of Aging	Operation Fan	NC-15	-	3,244	3,244
Pender Adult Services	Operation Fan	NC-15	-	564	564
Brunswick Senior Resources, Inc.	Senior Center General Purpose	NC-15	-	38,771	38,771
Columbus County Dept. of Aging	Senior Center General Purpose	NC-15	-	24,670	24,670
New Hanover County Dept. of Aging	Senior Center General Purpose	NC-15	-	10,573	10,573
Pender Adult Services	Senior Center General Purpose	NC-15	-	21,145	21,145
Aging Programs Pass-Through			2,456,776	1,721,527	4,178,303

(Continued)

Cape Fear Council of Governments

Notes to the Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2020

Note 2. Subrecipients (Continued)

Subrecipient	Program Name	Federal CFDA/ State			Total Federal and State Amount
		Pass-Through Number	Federal Amount	State Amount	
Southeastern Community College	WIA Adult Program – 2020	17.258	\$ 204,620	\$ -	\$ 204,620
Step Up Wilmington	WIA Adult Program – 2020	17.258	78,656	-	78,656
Education Data Systems	WIA Adult Program – 2020	17.258	384,139	-	384,139
Southeastern Community College	WIA Youth Activities – 2040	17.259	150,678	-	150,678
Education Data Systems	WIA Youth Activities – 2040	17.259	320,628	-	320,628
Telemon Corporation	WIA Youth Activities – 2040	17.259	87,142	-	87,142
Step Up Wilmington	WIA Youth Activities – 2040	17.259	-	-	-
Education Data Systems	WIA Dislocated Workers – 2030	17.278	377,793	-	377,793
Southeastern Community College	WIA Dislocated Workers – 2030	17.278	96,477	-	96,477
Education Data Systems	WIA Statewide Activities – 4050	17.278	403	-	403
Southeastern Community College	WIA Statewide Activities – 4050	17.278	9,926	-	9,926
Cape Fear Community College	WIA Statewide Activities – 4050	17.278	12,477	-	12,477
Brunswick Community College	WIA Statewide Activities – 4050	17.259	177,294	-	177,294
Education Data Systems	WIA Hurricane Florence – 3130	17.277	433,769	-	433,769
Southeastern Community College	WIA Hurricane Florence – 3130	17.277	603,907	-	603,907
Workforce Development Programs Pass-Through			2,937,909	-	2,937,909
Family Promise of the Lower Cape Fear	Emergency Solutions Grant	14.231	8,155	-	8,155
First Fruit Ministries	Emergency Solutions Grant	14.231	23,446	-	23,446
Good Shepherd Center	Emergency Solutions Grant	14.231	68,188	-	68,188
MI Coalition Against Homelessness	Emergency Solutions Grant	14.231	20,332	-	20,332
Continuum of Care Programs Pass-Through			120,121	-	120,121
Total Federal and State Awards Passed-Through to Subrecipients			\$ 5,514,806	\$ 1,721,527	\$ 7,236,333