

EXECUTIVE COMMITTEE MEETING

Monday, May 8, 2023, 11:00 A.M.

AGENDA

- 1. Call to Order, Welcome & Roll Call**
- 2. Invocation & Pledge**
- 3. Approval of Agenda *****
- 4. Approval Minutes (see attachment) *****
 - a. March 13, 2023
- 5. Appointment of CFCOG Vice-Chair**
- 6. 2023 Annual Meeting Date**
 - a. Thursday, February 29, 2024 ***
- 7. Finance Reports**
 - a. Approval of Auditors Contract and Agreement Letter (see attachment) ***
 - b. Budget Report through March 31, 2022 (see attachment) ***
 - c. Presentation of FY 23/24 Budget and set public hearing for 6/12 (see attachment) ***
- 8. Staff Reports**
 - a. Executive Director
 - i. Contracts Summary (see attachment)
 - b. Area Agency on Aging
 - c. Homeless Continuum of Care
 - d. Local Government Services
 - e. Workforce Development
- 9. Forum Update**
- 10. Chairman & Member Comments**
- 11. Adjourn**

Next Meeting: Monday, June 12, 2023, at 11:00 A.M.

Items marked with *** are actionable items that require a vote.

Members of the public are invited to view a live video stream of the meeting on our Facebook page. Public comments received by email to main@capefearcog.org or by mail to 1480 Harbour Dr, Wilmington, NC, 28401 at least 24 hours prior to the meeting will be presented to the Executive Committee. For further information Call 910-395-4553.

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EXECUTIVE COMMITTEE MEETING

March 13, 2023, 11:00 AM

MINUTES

Executive Committee Present:

Brenda Bozeman*	Lavern Coleman	Jan Dawson	Mike Forte
Deb Hays	Jackie Newton	Charlie Rivenbark	

Executive Committee Absent:

Teresa Batts	Lamont Grate
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Other General Membership Delegates Present:

Carson Durham, IV*	Joseph Hatem, M.D.*	John Gunter*	Glenn Marshall*
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CFCOG Staff Present:

Ginger Brick	Wes MacLeod	Holly Pilson	April Radford
Sam Shore	Allen Serkin	Dawn Tucker	

Guests Present:

Noel Fox*	unidentified guest*
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Members and others who participated remotely are indicated with an asterisk ().*

1. Call to Order, Welcome and Roll Call

Mr. Forte called the meeting to order & welcomed everyone at 11:04 AM.

2. Invocation and Pledge

Mr. Coleman led the invocation.

Mr. Forte led the Pledge of Allegiance.

3. Approval of Agenda

Mr. Forte asked if there were any amendments to the agenda. Mr. Serkin informed the Executive Committee of an additional action item, updating the position classification and pay plan effective April 1, 2023, needed to be added to the Finance Report. A motion by Mr. Forte, seconded by Ms. Hays, to approve the agenda with the proposed changes carried unanimously. *Ayes: Ms. Bozeman, Mr. Coleman, Ms. Dawson, Mr. Forte, Ms. Hays, and Mr. Rivenbark. Nays: None. Absent: Ms. Batts, Mr. Grate, and Ms. Newton.*

4. Approval of Minutes

Mr. Forte asked if there were any corrections to the minutes. A motion by Ms. Hays, seconded by Ms. Dawson, to approve the January 9, 2023, minutes as presented carried unanimously. *Ayes: Ms. Bozeman, Mr. Coleman, Ms. Dawson, Mr. Forte, Ms. Hays, and Mr. Rivenbark. Nays: None. Absent: Ms. Batts, Mr. Grate, and Ms. Newton.*

5. Finance Reports

Ms. Newton joined the meeting in person at 11:11 AM

Mr. Tucker presented the Budget Report through January 31, 2023. Ms. Hays informed the Executive Committee of her and Ms. Newton's attendance at a meeting in Raleigh on flood resilience. Ms. Hays and Ms. Newton asked for clarification on Workforce Development funds and flood resilience grants the State is offering. Ms. Tucker and Mr. Serkin addressed questions from the Executive Committee. Discussion ensued. A motion by Mr. Rivenbark, seconded by Mr. Coleman, to accept the Budget Report carried unanimously.

Ayes: Ms. Bozeman, Mr. Coleman, Ms. Dawson, Mr. Forte, Ms. Hays, Ms. Newton, and Mr. Rivenbark. Nays: None. Absent: Ms. Batts, and Mr. Grate.

Mr. Serkin presented the Position Classification and Pay Plan update. Mr. Serkin and Ms. Tucker addressed questions about the changes to the plan. A motion by Mr. Rivenbark, seconded by Ms. Dawson, to approve the position classification and pay plan carried unanimously. *Ayes: Ms. Bozeman, Mr. Coleman, Ms. Dawson, Mr. Forte, Ms. Hays, Ms. Newton, and Mr. Rivenbark. Nays: None. Absent: Ms. Batts, and Mr. Grate.*

6. Staff Reports

Mr. Serkin presented the Executive Director Report including the Contract Summary. Mr. Serkin addressed questions. No action taken.

Mr. MacLeod presented the Annual Meeting Survey. Discussion ensued. No action taken.

Ms. Pilson presented the Area Agency on Aging report. Ms. Pilson addressed questions. No action taken.

Break for lunch. Mr. Marshall and Mr. Hatem left the meeting at 12:00 PM

Mr. Serkin presented the Continuum of Care report. Discussion ensued and Mr. Serkin addressed questions. No action taken.

Mr. MacLeod presented the Local Government Services report. Mr. MacLeod informed the Executive Committee that a new Regional Planner and RPO Director has been hired. There were no questions. No action taken.

Ms. Brick presented the Workforce Development report. Ms. Brick addressed questions. No action taken.

7. Forum Update

Mr. Gunter informed the Executive Committee that he was unable to attend the last Forum therefore he had no update to present. No action taken.

8. Chairman and Member Comments

Mr. Forte thanked all for attending and thanked the CFCOG staff for all their dedicated work. Mr. Forte asked the Executive Committee and attending delegates if they had any comments. There were none.

9. Adjournment

Motion by Ms. Newton, second by Mr. Rivenbark to adjourn the meeting. Meeting adjourned at 12:42 PM.

Respectfully submitted,

April D. Radford, Clerk to the Board

Mike Forte, Chairman

The of and	Governing Board Executive Committee
	Primary Government Unit Cape Fear Council of Governments
	Discretely Presented Component Unit (DPCU) (if applicable)

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name PBMares, LLP
	Auditor Address 3621 John Platt Drive, Morehead City, NC 28557

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 10/31/23

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will not be approved.

Financial statements were prepared by: ☒ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:**Title and Unit / Company:****Email Address:**

Dawn Tucker

Finance Director

dtucker@capefearcog.org

OR Not Applicable ☐ (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).


PRIMARY GOVERNMENT FEES

Primary Government Unit	Cape Fear Council of Governments
Audit Fee	\$ 37,000
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$ 4,000 per program exceeding two programs
Writing Financial Statements	\$ included in audit fee above
All Other Non-Attest Services	\$

DPCU FEES (if applicable)

Discretely Presented Component Unit	
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

SIGNATURE PAGE**AUDIT FIRM**

Audit Firm* PBMares, LLP	
Authorized Firm Representative (typed or printed)* Robert E. Bittner	Signature* 
Date* 04/27/23	Email Address* rebittner@pbmares.com

GOVERNMENTAL UNIT

Governmental Unit* Cape Fear Council of Governments	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Primary Governmental Unit Finance Officer* (typed or printed) Dawn Tucker	Signature*
Date of Pre-Audit Certificate*	Email Address* dtucker@capefearcog.org

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
 Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

DPCU Finance Officer (typed or printed)*	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all
 required signatures prior to submission.

PRINT

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April 27, 2023

Executive Committee
Cape Fear Council of Governments
1480 Harbour Drive
Wilmington, North Carolina

Attention: Mike Forte, Chairman, Allen Serkin, Executive Director, and Dawn Tucker, Finance Director

The Objective and Scope of the Audit of the Financial Statements

You have requested PB Mares, LLP ("PB Mares", "we", "us", or "our"), audit Cape Fear Council of Governments' ("Council") governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ending June 30, 2023, which collectively comprise the basic financial statements. In addition, the schedules and other information presented as supplementary information and the Schedule of Expenditures of Federal and State Awards presented in relation to the financial statements taken as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter ("Arrangement Letter").

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") and *Government Auditing Standards* issued by the Comptroller General of the United States ("GAS") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

You have also requested that PB Mares perform the audit of the Council as of June 30, 2023 to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act.

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS; GAS; the Uniform Guidance; the U.S. Office of Management and Budget's ("OMB") Compliance Supplement; and the State Single Audit Implementation Act. Those standards, regulations, supplement, and Act require that we comply with applicable ethical requirements. As part of an audit in accordance with those standards, regulations, supplement, and Act, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the Council and its environment, the applicable financial reporting framework, and the Council's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
2. Consider the Council's system of internal control 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 Council's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
4. Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the Executive Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We are responsible for the compliance audit of major programs under the Uniform Guidance and State Single Audit Implementation Act, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our report(s) on internal control over financial reporting and over compliance for major programs will include any significant deficiencies and material weaknesses in internal control over financial reporting and over compliance for major programs of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over financial reporting and over compliance for major programs consistent with requirements of the standards, regulations, supplement and Act identified above. Our report(s) on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards, regulations, supplement and Act identified above.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") and GAS.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the Council complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Council involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Council received in communications from employees, former employees, analysts, regulators, vendors, customers or others.

Management is responsible for the preparation of the supporting schedules in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Management agrees to include the auditor's report on the supporting schedules in any document that contains the supplementary information and indicates that the auditor has reported on such supporting schedules. Management also agrees to present the supporting schedules with the audited financial statements or, if the supporting schedules will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supporting schedules no later than the date of issuance of the supporting schedules and the auditor's report thereon.

The Executive Committee is responsible for informing us of its views about the risks of fraud, waste or abuse within the Council, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the Council.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with U.S. GAAP;
2. To evaluate subsequent events through the date the financial statements are issued. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For report distribution; and
5. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within the Council from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Because the audit will be performed in accordance with the Single Audit Act, the Uniform Guidance, and State Single Audit Implementation Act, management is responsible for (a) identifying all federal and state awards received and expended; (b) preparing and the fair presentation of the schedule of expenditures of federal and state awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

Reporting

We will issue a written report upon completion of our audit of the Council's financial statements. Our report will be addressed to the Executive Committee of the Council. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the Council's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the Council's financial statements, we will also issue the following types of reports:

1. A report on the fairness of the presentation of the Council's schedule of expenditures of federal and state awards for the year ending June 30, 2023;
2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance;
4. Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with the State Single Audit Implementation Act; and
5. An accompanying schedule of findings and questioned costs.

In our connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the Council's books and records. The Council will determine that all such data, if necessary, will be so reflected. Accordingly, the Council will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Council personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Dawn Tucker, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain nonaudit services:

1. Drafting the financial statements.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Council, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The Council has agreed that Dawn Tucker, Finance Director possesses suitable skill, knowledge or experience and that the individual understands the nonaudit services to be performed sufficiently to oversee them. Accordingly, the management of the Council agrees to the following:

1. The Council has designated Dawn Tucker, Finance Director as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Dawn Tucker, Finance Director will assume all management responsibilities for subject matter and scope of the nonaudit services;
3. The Council will evaluate the adequacy and results of the services performed; and
4. The Council accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the Council's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Council's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this Arrangement Letter documents that understanding.

Parties' Understandings Concerning Situation Around COVID-19

To the extent any of the services described herein require a party to visit ("Visiting Party") the other party's facilities ("Host Party") in person, the Visiting Party agrees to comply with the Host Party's rules and regulations regarding COVID-19 safety protocols while on the Host Party's premises, provided the Visiting Party is made aware of such rules and regulations. Further, in the event any of the services described herein need to be suspended and/or rescheduled by a party due to the ongoing situation surrounding COVID-19, the party requesting the suspension or rescheduling of the services will provide the other party with prompt written notice of the foregoing. To the extent such suspension and/or rescheduling of the services impacts either the cost of the services or the ability of the Council or PBMAres to meet any deadlines or timeframes set forth herein, or both, the parties will document this in a written agreement mutually agreed upon and executed by both parties.

Other Relevant Information

In accordance with GAS, a copy of our most recent peer review is attached.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are not expected to exceed \$37,000, plus directly billed expenses, including report processing, travel, meals, and fees for services from other professionals, as well as a charge of 5% of fees for all other expenses, including indirect administrative expenses such as technology, research and library databases, communications, photocopying, postage and clerical assistance. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Council personnel.
2. Timely responses to our inquiries.
3. Timely completion and delivery of client assistance requests.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Major programs in excess of two programs will be billed at \$4,000 each. Billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

Use of Subcontractors and Third-Party Products

From time to time and depending upon the circumstances, we may, in our sole discretion, use qualified third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Personal Information or Confidential Information (as both terms are defined below) to them. You hereby consent to us sharing your information, including Confidential Information and Personal Information, with these third-party service providers on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our use of third-party service providers may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, "Third-Party Products"). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours. You further acknowledge that the terms of use and service, including, but not limited to, applicable laws, set forth in the end-user license, end-user subscription agreement, or other end-user agreement for such Third-Party Product (collectively, "EULA(s)") will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

To the extent PBMAres gives the Council access to a Third-Party Product in connection with the services contemplated herein, the Council agrees to comply with the terms of any applicable EULA for such Third-Party Product, and the Council shall be solely responsible for the improper use of a Third-Party Product or a violation of the applicable EULA for such Third-Party Product, by the Council, or any user to whom the Council grants access to such Third-Party Product.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

Use and Ownership; Access to Audit Documentation

The Audit Documentation for this engagement is the property of PBMAres. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of PBMAres' audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by PBMAres for the Council under this Arrangement Letter, or any documents belonging to the Council or furnished to PBMAres by the Council.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable PBMAres policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in PBMAres' form. PBMAres reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Council, the Council will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

You acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of PBMAres audit personnel and at a location designated by our firm.

Dispute Resolution

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. You and we consent to personal jurisdiction, both for mediation and/or litigation, of the Federal District Court, Eastern District of Virginia, sitting in

Newport News, Virginia, or the Newport News Circuit Court. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

The parties hereto both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Newport News, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, and instead we are accepting the use of arbitration for resolution.

Confidentiality

PBMares and the Council may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, PBMares and the Council agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, PBMares is permitted to disclose the Council's Confidential Information to PBMares' personnel, agents, and representatives to provide the services or exercise its rights under the Arrangement Letter or for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.

As used herein, the term “Confidential Information” will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party’s possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party’s Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

Data Protection Compliance

Our Privacy Policy (“Privacy Policy”) is located on our website at <https://www.pbmares.com/-are/privacy-policy>. Our Privacy Policy may be amended from time to time in our sole discretion and without prior notice, and is hereby incorporated by reference into this Arrangement Letter. You acknowledge that you have read and understand the Privacy Policy and agree to the practices as described therein.

We take reasonable steps to comply with all applicable privacy, cybersecurity, and data protection laws that may apply to Personal Information and Confidential Information we process on behalf of our clients. Upon written request, but not more than annually during the term of this Arrangement Letter, we will deliver to you a copy of our data security report evidencing the operating effectiveness of our Information Technology (“IT”) control environment. We will also provide summaries of our IT security and disaster recovery policies and make our senior IT personnel reasonably available for discussion upon request. Our data security report and any information we disclose to you concerning our IT control environment shall constitute Confidential Information of PBMAres and shall be subject to the confidentiality obligations set forth in this Arrangement Letter.

Prior to disclosing to us or our Subcontractors or granting us or our Subcontractors with access to your data, you will identify in writing any personal, technical, or other data provided or made accessible to us or our Subcontractors pursuant to this Arrangement Letter that may be subject to heightened protections under applicable privacy, cybersecurity, export control, and/or data protection laws, including, but not limited to, protected health information pursuant to the Health Information Portability and Accountability Act of 1996 (“HIPAA”), classified or controlled unclassified information subject to the National Industrial Security Program, the National Industrial Security Program Operating Manual, or the Defense Federal Acquisition Regulation Supplement (“DFARS”), data subject to Export Administration Regulations (“EAR”), or International Traffic in Arms Regulations (“ITAR”) controlled data. Unless otherwise expressly agreed upon and specified in writing by PBMAres and the Council, you shall not provide us or any of our Subcontractors with access to such data and you shall be responsible for the handling of all such data in connection with the performance of the services requested hereunder, including, but not limited to, the scrubbing, de-identification, de-aggregation, protection, encryption, transfer, movement, input, storage, migration, deletion, copying, processing, and modification of such data.

PBMAres and the Council acknowledge and agree that they may correspond or convey information and documentation, including Confidential Information and Personal Information, via various forms of electronic transmission, including, but not limited to, Third-Party Products, such as, email, FTP and cloud-based sharing and hosting applications (e.g., portals, data analytics tools, and helpdesk and support ticketing applications), and that neither party has control over the performance, operation, reliability, availability, or security of these electronic transmissions methods. Therefore, neither party will be liable for any loss, damage, expense, harm, disclosure or inconvenience resulting from the loss, delay, interception, corruption, unauthorized disclosure, or alteration of any electronic transmission where the party has used commercially reasonable efforts to protect such information. We offer our clients various platforms for the exchange of information. You hereby agree that you shall be bound by and comply with any and all user terms and conditions made available (whether by link, click-through, or otherwise) with respect to such platforms.

Personal Information

As used herein, the term “Personal Information” means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver’s license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the Council or the Council’s customers or other third parties.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

We are permitted to use all such Personal Information to perform our obligations and exercise our rights under this Arrangement Letter. The parties agree that as part of the performance of the services as described in this Arrangement Letter, and as part of the direct business relationship between the parties use the Personal Information to improve and develop services and for other similar internal and business purposes. We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of Council-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards or to exercise our rights under this Arrangement Letter. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

Either party may terminate this Arrangement Letter upon written notice if: (i) circumstances arise that in its judgment would cause its continued performance would result in a violation of law, a regulatory requirement, applicable professional or ethical standards, or in the case of PBMares, our client acceptance or retention standards; or (ii) if the other party is placed on a Sanctioned List (as defined herein), or if any director or executive of, or other person closely associated with such other party or its affiliate, is placed on a Sanctioned List.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, dispute resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

Miscellaneous

The Council agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our written permission. Any such request is also a matter for which separate arrangements may be necessary. After obtaining our permission, the Council also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. If, based on our review, we identify no material inconsistencies with our audit, or other misstatements of fact, we will promptly communicate in writing to the Council that we do not object to the inclusion of our report in the offering documents. In the event our auditor/client relationship has been terminated when the Council seeks such consent, we will be under no obligation to grant such consent or approval.

Each party hereto affirms it has not been placed on a Sanctioned List (as defined below) and will promptly notify the other party upon becoming aware that it has been placed on a Sanctioned List at any time throughout the duration of this Arrangement Letter. The Council shall not, and shall not permit third parties to, access or use any of the deliverables provided for hereunder, or Third-Party Products provided hereunder, in violation of any applicable sanctions laws or regulations, including, but not limited to, accessing or using the deliverables provided for hereunder or any Third-Party Products from any territory under embargo by the United States or Canada. The Council shall not knowingly cause PBMares to violate any sanctions applicable to PBMares. As used herein "Sanctioned List" means any sanctioned person or entity lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the Consolidated Canadian Autonomous Sanctions List, the United Nations Security Council, the European Union, and United Kingdom.

Nothing in this Arrangement Letter shall limit the liability of PBMares to the Council for any negligence, violation of applicable auditing standards, or other fault in the performance of audit procedures, whether at common law, under the federal securities laws, or pursuant to any applicable state law. Any term of this Arrangement Letter that would be prohibited by or impair our independence under applicable law or regulation shall not apply, to the extent necessary only to avoid such prohibition or impairment.

Notices

Unless otherwise expressly agreed upon by the parties in this Arrangement Letter, all notices required to be given hereunder will be in writing and addressed to the party at the business address provided in this Arrangement Letter, or such other address as such party may indicate by a notice delivered to the other party. A copy of any legal notice (e.g., any claimed breach or termination of this Arrangement Letter) sent by the Council to PBMAres shall also be sent to the following address: Office of the General Counsel, PBMAres, LLP, 701 Town Center Drive, Suite 900, Newport News, VA 23606. Except as otherwise expressly provided in this Arrangement Letter, notices hereunder will be deemed given and effective: (i) if personally delivered, upon delivery; (ii) if sent by registered or certified mail or by overnight courier service with tracking capabilities, upon receipt; and, (iii) if sent by electronic mail (without indication of delivery failure), at such time as the party that sent the notice receives confirmation of receipt, whether by read-receipt confirmation or otherwise.

Entire Agreement

This Arrangement Letter constitutes the complete and exclusive statement of agreement between PBMAres and the Council and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Arrangement Letter.

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this Arrangement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Mike Forte, Chairman, Allen Serkin, Executive Director, and Dawn Tucker, Finance Director
Cape Fear Council of Governments
April 27, 2023
Page 15

Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

AGREED TO AND ACKNOWLEDGED BY:

PBMares, LLP



Robert E. Bittner III, CPA, MBA
Partner

Confirmed on behalf of the Cape Fear Council of Governments:

Mike Forte, Chairman

Date

Allen Serkin, Executive Director

Date

Dawn Tucker, Finance Director

Date

Report on the Firm's System of Quality Control

To the Shareholders of
PBMares, LLP
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of PBMares, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 29, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality and complying with it to provide the firm reasonable assurance of performing and reporting in conformity with applicable professional standards in all material aspects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards when appropriate, and for remediating weakness in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

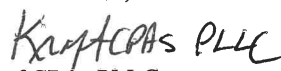
Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act; audits of employee benefit plans, an audit of a broker-dealer, and an examination of service organizations [SOC 1 engagement].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of PBMares, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 29, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. PBMares, LLP has received a peer review rating of *pass*.


KraftCPAs PLLC
January 15, 2021

CAPE FEAR COUNCIL OF GOVERNMENTS
Cash Balance and
Budget/Expenditure Comparison
FY 2022-2023 (as of March 31, 2023) **UNAUDITED**

Cash Balance	
Cash Balance in Bank	153,531
North Carolina Cash Management Investments	659,988
Total Cash on Hand	\$ 813,519

Budget & Actual Revenues					
Departments	Adjusted Budget	Jul - Mar Revenues	Reserve Balance	Remaining Budget	Percent Received
Continuum of Care	\$ 812,508	\$ 333,462	\$ 137,738	\$ 341,308	49%
Local Gov Services	\$ 1,810,738	431,001	915,678	464,059	48%
Area Agency on Aging	\$ 7,463,464	3,683,663	149,250	3,630,552	50%
Workforce Development	\$ 5,264,151	2,110,685	1,012,287	2,141,179	50%
General Fund	42,000	199,953	141,962	(15,991)	109%
Total Revenues	\$ 15,392,861	\$ 6,758,764	\$ 2,356,916	\$ 6,577,097	52%

Budget & Actual Expenditures					
Departments	Beginning Budget	Jul - Mar Expenditures	Reserve Balance	Remaining Budget	Percent Expended
Continuum of Care	\$ 91,172	\$ 70,220		\$ 20,952	77%
COVID Motel Shelter Program	30,845	30,845		-	100%
NHC-Non-County Agency Funding	3,522	3,522		-	100%
ESG - CARES	43,155	11,924	16,627	14,604	45%
ESG - HMIS	283,287	133,576	99,314	50,397	73%
ESG - ADM	15,396	6,808		8,588	44%
HUD - Perm. Supportive Housing	241,120	91,217	5,750	144,153	39%
HUD - CE Assessor	54,375	9,344	6,740	38,291	20%
HUD - PLANNING	49,635	30,489	9,307	9,839	76%
Continuum of Care	812,508	387,945	137,738	286,824	57%
Planning Services	365,256	220,692		144,564	60%
Rural Planning Org	212,969	157,881		55,088	74%
Disaster Recovery	331,250	25,154	194,750	111,346	18%
MOTSU Follow Up	22,479	7,936	13,806	737	92%
LGS Special Projects	294,816	83,384	187,010	24,422	77%
LGS-ARPA	583,969	33,327	520,112	30,530	52%
Local Gov Services	1,810,738	528,374	915,678	366,686	59%
Aging Planning & Admin.	403,892	252,530		151,362	63%
Ombudsman & Elder Abuse	220,603	167,630		52,973	76%
Project Care	109,000	74,190		34,810	68%
Family Caregiver Support	122,204	99,357		22,847	81%
AAA Funds to Counties	4,234,333	2,828,877		1,405,456	67%
COVID-19 Vaccine Funds	2,432	2,432		-	100%
AAA ARP	2,371,000	320,899	149,250	1,900,851	14%
Area Agency on Aging	7,463,464	3,745,915	149,250	3,568,299	51%
WIOA - Admin	528,972	263,269	165,654	100,049	72%
WIOA - Adult	1,442,748	688,906	241,456	512,386	57%
WIOA - Dislocated Worker	983,246	450,183	198,954	334,109	57%
WIOA - IWTG	68,000	-		68,000	0%
WIOA - Youth	1,758,399	765,355	406,223	586,821	57%
BSR Grant	20,000	10,300		9,700	52%
Infrastructure Grant	10,502	10,501		0	100%
WF ARPA Grant	450,000	878	-	449,122	0%
WIOA-Finish Line Grant	2,284	2,284		-	100%
Workforce Development	5,264,151	2,191,677	1,012,287	2,060,187	52%
General Operations	42,000	5,138	-	36,862	12%
General Fund	42,000	5,138	-	36,862	12%
Total Expenditures	\$ 15,392,861	\$ 6,859,050	\$ 2,214,954	\$ 6,318,857	52%
Administration	465,042	329,408	-	135,634	71%

*Administrative costs are allocated to and included in the department, program or project budgets.

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CAPE FEAR COUNCIL OF GOVERNMENTS

PROPOSED FISCAL YEAR 2023-2024 BUDGET

DRAFT

5/3/2023



I am pleased to present the proposed FY 2023-2024 annual budget document for Cape Fear Council of Governments (CFCOG). As required by North Carolina law, the budget is balanced with projected revenues equal to appropriated expenditures. The budget anticipates a general fund balance equal to 21% of annual operating expenditures. The Council is in sound fiscal shape with adequate reserves.

Each program director worked with the Executive Director and Finance Director to develop their respective program budgets. This proposed budget document is the result of careful consideration by our staff based on best estimates of program revenues and appropriate expenditures to continue our operations. Overall, the budget reflects conservative revenue projections where final funding allocations are outstanding. Like our member governments, we develop our budget with a view towards providing the highest level of service at the least cost to the taxpayers.

The total proposed appropriation for FY 23-24 is \$13,897,744, representing a nearly \$900,000 (6%) decrease from the \$14,787,535 appropriation adopted for the prior fiscal year. This decrease is primarily due to (1) overbudgeting Workforce Development funding by more than \$500,000 during the current (FY 2022-23) fiscal year, which was corrected in the October budget amendment, (2) spending down special multi-year funding sources, and (3) reduced expected carry-forward amount from the current fiscal year. Specific changes related to each program are summarized as follows:

Local Government Services +30%..... +\$302,010

Increase is primarily due to additional projected technical assistance service contracts with members and to resiliency assistance funds added to the current (FY 2022-23) budget after initial adoption.

Area Agency on Aging..... -5% -\$403,540

Decrease is primarily due to spending down multi-year allocation of ARPA funds related to aging services. Most non-ARPA programs are expected to see slightly increased allocations due to the increasing share of older adults in our region. Final allocations were not available during the budgeting process and a budget amendment will be required once final award amounts are provided.

Workforce Development -19% -\$1,030,601

Decrease is primarily due correcting overbudgeted numbers from the prior year and from reductions in expected program carryforward funds resulting from decreasing allocations. Final formula allocations were not available during the budgeting process and a budget amendment will be required once award amounts are provided.

Homeless Continuum of Care (COC) +38%..... +\$249,340

Increase is primarily due to increased carryforward amounts from current grants and expected additional federal (HUD) and State (ESG) program competition awards resulting in part from decreased participation from local partners.

General Government -17% -\$7,000

No changes proposed.

CFCOG Total..... -6% -\$889,791

Workforce Development and Area Agency on Aging decreases are partially offset by increases in Local Government Services and Homeless Continuum of Care programs. Overall, the budget reflects conservative revenue projections which may increase when final allocations are known.

Administrative Overhead (Indirect) +7% +\$31,258

Increase is due primarily to general cost inflation, including personnel costs. Overhead costs are included in the LGS, AAA, WFD and CoC budgets as allocated costs. This allocation method is based on cost accounting principles and is reviewed annually by program funding sources, monitors and auditors. The method allocates expenditures and shared expenses that cannot be reasonably be directly charged to specific programs.

Personnel (Salaries and Fringe Benefits)

The total of all salaries and fringes, including temporary personnel, is approximately 16.5% of the total Council budget. A 5% cost of living salary adjustment for all personnel is included in the proposed budget. In addition, a merit pool for superior performance and longevity pay are proposed pursuant to the Personnel Policy. Any pay adjustments that may occur will be implemented November 1st if final funding allocations allow and after an amendment to the Pay Plan. Pay classifications are assigned separately by the adopted Position Classification and Pay Plan. The Council has an excellent staff and retention of our personnel is critical to the success of the organization as qualified candidates with relevant skills and experience are difficult to find.

Revenues

The Council is funded primarily through federal and State grants. Federal funds are awarded both directly from federal agencies and passed through State agencies as subawards. Variations in grant cycles and funding notice timelines means final funding levels are often not known until October. Certain funding allocations expire annually, and some allow unspent balances to carryforward to subsequent fiscal years. Federal and State funding levels are projected based on a combination of final funding notices supplied by granting agencies and estimates based on prior year funding levels (conservatively estimated until final funding notices are provided).

Federal funds in the proposed budget are awarded directly by the US Department of Housing and Urban Development (HUD) and the Department of Defense. State funds and federal subawards in the proposed budget are awarded by the NC Department of Commerce, Department of Health and Human Services, Department of Transportation, and Department of Insurance. Additional federal and State funds are subawarded by the NC Association of Regional Council of Governments.

Local funds in the proposed budget are obtained from dues and grant matching funds from member governments and from fee-for-service contracts. Dues are calculated using a base assessment of \$300 plus eighteen cents per capita for municipalities or nine cents per capita (unincorporated) for counties. Local matching funds are assessed to members to meet federal matching requirements for the Area Agency on Aging and the Rural Transportation Planning Organization.

Local funds from fee-for-service contracts include recurring funding commitments to support administrative operations of the Homeless Continuum of Care and non-recurring contracts to provide single-purpose services to member governments. Non-recurring contracts in the proposed budget include outside-agency funding from New Hanover County to support the Permanent Supportive Housing program and technical assistance contracts for services provided by our Local Government Services staff for a wide variety of services. LGS services to member jurisdictions include major

deliverables like land use plans, development ordinance revisions, and utility asset management plans, as well as technical services like facilitation, mapping and land use administration.

Revenues represented in this budget include a significant amount of pass-through funds paid to county aging services providers and homeless prevention agencies, as well as significant funding paid for contracted services, primarily for Workforce Development activities.

Summary

This budget reflects a lot of fine tuning to absorb increased operating costs and expanding program demands as well as local, State and federal funding changes. We rely heavily on State and federal grants, but also depend upon the continued financial support of our member governments. We hope to continue the positive trends into the future and will aggressively be seeking new opportunities to better serve our region and local government members.

As you review the document, please feel free to ask any questions and seek additional information about any part of the budget at any time. We are committed to serving our region together so that each member will realize the local benefits of regional cooperation.

Respectively submitted,



Allen Serkin
Executive Director

COMPARATIVE BUDGET ANALYSIS

	FY 22-23 Approved	FY 23-24 Proposed	Change \$	%
Local Government Services:				
Revenues:				
NCDOT	186,375	106,375		
Service Contracts	417,742	433,933		
Direct Federal Grants	23,512	12,314		
Dues/Match/Other	373,394	750,412		
Department Revenue	1,001,023	1,303,034		
Expenditures:				
Local Government Services	451,483	472,791		
Transportation Planning	212,969	135,370		
Disaster Recovery/ARPA	313,059	682,558		
MOTSU JLUS Implementation	23,512	12,314		
Department Expenditure	1,001,023	1,303,033	\$ 302,010	30%
			0	
Area Agency on Aging:				
Revenues:				
State/Federal Funds	7,630,862	7,225,939		
Local Match	81,234	82,617		
Department Revenue	7,712,096	7,308,556		
Expenditures:				
Planning and Administration	668,079	532,470		
LTC Ombudsman and Elder Abuse	221,186	246,411		
Family Caregiver Support Program	126,113	130,204		
Project CARE	109,000	111,000		
Provider Contracts	6,587,718	6,288,471		
Department Expenditure	7,712,096	7,308,556	\$ (403,540)	-5%
			-	
Workforce Development:				
Revenues:				
WIOA Funds	5,371,546	4,340,945		
Department Revenue	5,371,546	4,340,945		
Expenditures:				
Administration	521,301	432,021		
Adult Program	1,813,000	1,088,611		
Dislocated Worker Program	1,114,000	845,039		
Youth Program	1,858,245	1,475,274		
Other	65,000	500,000		
Department Expenditure	5,371,546	4,340,945	\$ (1,030,601)	-19%
			-	

COMPARATIVE BUDGET ANALYSIS

Homeless COC:

Revenues:

Local: Administration	150,000	86,500
Local: Match		89,775
HUD Direct	319,631	527,515
ESG-HMIS	178,984	194,112
ESG-Administration	12,255	12,308
Department Revenue	660,870	910,210

Expenditures:

COC Administration	120,000	86,500
Coordinated Entry	73,500	151,250
HUD-Planning and PSH	276,131	466,040
ESG-HMIS	178,984	194,112
ESG-Administration	12,255	12,308
Department Expenditure	660,870	910,210

\$ 249,340 38%

-

General Government

Revenues:

Misc.& Dues	42,000	35,000
Department Revenue	42,000	35,000

Expenditures:

Miscellaneous	42,000	35,000
Department Expenditure	42,000	35,000

\$ (7,000) -17%

Total Revenues

\$ 14,787,535 \$ 13,897,745

Total Expenditures

\$ 14,787,535 \$ 13,897,744 \$ (889,791) -6%

Administrative Overhead from Programs \$ 464,895 \$ 496,153 \$ 31,258 7%

MEMBER ASSESSMENTS

County/ Municipality	Pop. July '20	Pop. July '21	Pop. Change	Dues/Match 22-23	Dues/Match 23-24	Change
1 Brunswick County	66,138	68,042	1,904	\$ 35,805	\$ 36,789	\$ 984
2 Bald Head Island	268	282	14	349	351	2
3 Belville	2,406	2,462	56	736	743	7
4 Boiling Spring Lakes	5,943	6,163	220	1,376	1,409	33
5 Bolivia	149	152	3	327	327	-
6 Calabash	2,011	2,121	110	664	682	18
7 Carolina Shores	4,588	4,849	261	1,131	1,173	42
8 Caswell Beach	395	403	8	371	373	2
9 Holden Beach	921	968	47	467	474	7
10 Leland	22,908	25,459	2,551	4,449	4,883	434
11 Navassa	1,367	1,452	85	548	561	13
12 Northwest	703	746	43	427	434	7
13 Oak Island	8,396	8,855	459	1,821	1,894	73
14 Ocean Isle Beach	867	922	55	457	466	9
15 Sandy Creek	248	259	11	345	347	2
16 Shallotte	4,185	4,347	162	1,058	1,082	24
17 Southport	3,971	4,226	255	1,031	1,061	30
18 St. James	6,529	7,011	482	1,482	1,562	80
19 Sunset Beach	4,175	4,300	125	1,056	1,074	18
20 Varnamtown	525	531	6	395	396	1
Brunswick Total	136,693	143,550	6,857	\$ 54,295	\$ 56,081	\$ 1,786
21 Columbus County	36,278	36,120	(158)	\$ 23,617	\$ 23,829	\$ 212
22 Boardman	166	166	-	330	330	-
23 Bolton	519	637	118	393	415	22
24 Brunswick	973	929	(44)	475	467	(8)
25 Cerro Gordo	131	131	-	323	324	1
26 Chadbourn	1,574	1,571	(3)	581	583	2
27 Fair Bluff	709	713	4	427	428	1
28 Lake Waccamaw	1,296	1,325	29	532	539	7
29 Sandyfield	430	429	(1)	377	377	-
30 Tabor City	3,781	3,643	(138)	977	956	(21)
31 Whiteville	4,766	4,705	(61)	1,151	1,147	(4)
Columbus Total	50,623	50,369	(254)	\$ 29,183	\$ 29,395	\$ 212
32 New Hanover County	99,023	100,614	1,591	\$ 39,889	\$ 41,149	\$ 1,260
33 Carolina Beach	6,564	6,584	20	1,482	1,485	3
34 Kure Beach	2,191	2,208	17	694	697	3
35 Wilmington	115,451	118,063	2,612	21,084	21,551	467
36 Wrightsville Beach	2,473	2,474	1	745	745	-
New Hanover Total	225,702	229,943	4,241	\$ 63,894	\$ 65,627	\$ 1,733
37 Pender County	52,227	53,532	1,305	\$ 29,909	\$ 30,898	\$ 989
38 Atkinson	296	306	10	353	355	2
39 Burgaw	3,088	4,203	1,115	966	1,057	91
40 St. Helena	417	425	8	375	377	2
41 Surf City	3,533	3,848	315	697	993	296
42 Topsail Beach	461	480	19	383	386	3
44 Watha	181	184	3	333	333	-
Pender Total	60,203	62,978	2,775	\$ 33,016	\$ 34,399	\$ 1,383
45 Holly Ridge	4,171	4,503	332	\$ 1,052	\$ 1,111	\$ 59
46 North Topsail Beach	1,005	1,037	32	481	487	6
43 Wallace	3,413	3,439	26	909	919	10
Affiliate Members	8,589	8,979	390	\$ 2,442	\$ 2,517	\$ 75
GRAND TOTAL	481,810	495,819	14,009	\$ 182,830	\$ 188,019	\$ 5,189

**CAPE FEAR COUNCIL OF GOVERNMENTS
FISCAL YEAR 2023-2024 BUDGET ORDINANCE**

WHEREAS, the Cape Fear Council of Governments (Council) is a regional council of governments organized pursuant to N.C.G.S. 160A-470 through 478;

WHEREAS, the Council is designated by the State of North Carolina as the Lead Regional Organization for Region O, serving Brunswick, Columbus, New Hanover, and Pender counties;

WHEREAS, the Executive Committee is the governing board of the Council;

WHEREAS, a regional council of governments is a public authority subject to N.C.G.S. 159, Article 3, the Local Government Budget and Fiscal Control Act; and

WHEREAS, N.C.G.S. 159-8(a) requires a public authority to operate under an annual balanced budget ordinance;

NOW, THEREFORE, BE IT ORDAINED by Executive Committee of the Cape Fear Council of Governments that the following amounts are hereby appropriated for the operation of said Council of Governments for the fiscal year beginning July 1, 2023 and ending June 30, 2024;

SECTION 1: Funds are appropriated as follows:

Expenditures by Department:

Local Governments Services	\$1,303,033
Aging Services	7,308,556
Workforce Development	4,340,945
Homeless Continuum of Care	910,210
General Government	35,000
Total Expenditures	<u>\$13,897,744</u>

Revenues by Source:

Federal	\$539,829
Fed/State Pass Thru	12,224,746
State	337,491
Member Assessment	35,000
Local Aging Share	82,617
Local LGS Share	67,854
Local COC Share	176,275
Fee-For-Service	433,932
Total Revenues	<u>\$13,897,744</u>

SECTION 2: The Budget Officer is hereby authorized to transfer appropriations within any of the parts in the budget schedule referenced in Section 1 without the approval of the Executive Committee.

Adopted this 12th day of June 2023.

Mike Forte, Chairman

April D. Radford, Clerk

DRAFT

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Cape Fear Council of Governments

Public Notice

2023-2024 Budget Ordinance Public Hearing

The public should take notice that the Executive Director of the Cape Fear Council of Governments (CFCOG), in his capacity as Budget Officer for that agency, has submitted the proposed 2023-2024 Budget Ordinance, along with the Budget Message, to the Executive Committee, the governing board of the CFCOG. The Executive Committee will hold a Public Hearing on **Monday, June 12, 2023** at 11:00 A.M. at the office of the CFCOG, located at 1480 Harbour Dr, Wilmington, NC, to receive public comments on the proposed ordinance. It is the intent of the Executive Committee to consider adoption of the proposed ordinance following the hearing. The proposed ordinance is available for public inspection at <https://capefearcog.org/home/admindocs/> and copies shall be provided in accordance with Chapter 132 of the General Statutes.

April Radford, Clerk to the Board

Newspaper run date: One day Friday, May 26, 2023 – Star News
 One day Friday, May 26, 2023 – News Reporter

Contact:

April Radford; aradford@capefearcog.org 910-395-4553 ext. 201

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CFCOG Contract Summary
Contracts Entered Since Prior Report

Dept.	Program	Contract Name or Description	Other Party	\$ to CFCOG	\$ to Other Party	\$ to Subgrantee/ Subcontractor	Start Date	End Date	Funding Availability Clause (Y/N)	Prior Reimbursement Clause (Y/N)	CFCOG Matching Funds (Y/N)
COC	PSH	PSH Rental Assistance Client: HMIS #478011	Chestnut Property Management		\$ 3,564.00		3/8/2023	2/29/2024	Y	N	N
LGS	LGS	Lake Waccamaw Planning and Zoning Services Annual Retainer*Amendment	Town of Lake Waccamaw	\$ 12,500.00			7/1/2022	6/30/2023	N/A	N/A	N
COC	PSH	PSH Rental Assistance Client: HMIS #478011 *Security Deposit Agreement	Chestnut Property Management		\$ 1,600.00				Y	N	N
COC	PSH	PSH Rental Assistance Client: HMIS #109707 *Amendment	Village of Greenfield		\$ (2,256.00)				Y	N	N
LGS	LGS	Pender County Interim County Clerk Services	Pender County	\$ 12,000.00			3/23/2023	6/30/2023	N/A	N/A	N
AAA	FCSP	Memory Impairment Teaching Tools & Resources	Timeslips				5/1/2023	4/30/2024	N/A	N/A	N/A
AAA	AAA	SAGE Care License Agreement	Sage Care				4/6/2023		N/A	N/A	N/A
ADM	Admin	SecurCare Self Storage Rental Agreement	SecurCare Self Storage		\$ 4,190.00		5/17/2023	5/16/2024	N/A	N/A	N/A
AAA	HCCBG	Area Agency on Aging NGA FY 2022-2023 *Revised for SCGP	NC DAAS	\$ 5,022,363.00			7/1/2022	6/30/2023	NA	NA	Y
				\$ 5,046,863.00	\$ 7,098.00						

DEPARTMENTS

AAA: Area Agency on Aging
ADM: Administration
CoC: Homeless Continuum of Care
LGS: Local Government Services
WD: Workforce Development

PROGRAMS

EBHB: Evidence-Based Health Promotion (OAA Title III-D)
ESG: Emergency Solutions Grant (HUD)
FCSP: Family Caregiver Support Program
Formula: WIOA Formula Funds
HCCBG: Home & Community Care Block Grant
LCA: Local Contact Agency
MIPPA: Medicare Improvements for Patients & Providers Act
OMB: Long-term Care Ombudsman
PSH: Permanent Supportive Housing

OTHER ACRONYMS

DHHS: NC Dept. of Health & Human Services
HMIS: Homeless Management Information System
WIOA: Workforce Innovation and Opportunity Act