

EXECUTIVE COMMITTEE MEETING

Monday, May 13, 2024, 11:00 A.M.

AGENDA

- 1. Call to Order, Welcome, Invocation, Introductions & Pledge**
- 2. Amendment to Agenda *****
- 3. Approval of February 12, 2024, Minutes (see attachment) *****
- 4. Budget Report through April 30, 2024 (see attachment) *****
- 5. Pay Plan Amendment (see attachment) *****
- 6. Presentation of FY24/25 Budget and set Public Hearing for June 10, 2024 (see attachment) *****
- 7. Approval of Auditors Contract and Agreement Letter (see attachment) *****
- 8. Approval of Agent Designation Form for NC Emergency Management Grant (see attachment) *****
- 9. Staff Reports**
 - a. Executive Director
 - i. Contracts Summary (see attachment)
 - b. Area Agency on Aging
 - i. Approval of AAA Area Plan (see attachment) ***
 - c. Homeless Services
 - d. Local Government Services
 - e. Workforce Development
- 10. Forum Update**
- 11. Chairman & Member Comments**
- 12. Adjourn**

Next Meeting: Monday, June 10, 2024, 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 YouTube channel
[youtube.com/@CapeFearCOG/Stream](https://www.youtube.com/@CapeFearCOG/Stream).*

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.

EXECUTIVE COMMITTEE MEETING

February 12, 2024, 11:00 AM

MINUTES

Executive Committee Present:

Teresa Batts Brenda Bozeman Jan Dawson Mike Forte Lamont Grate*
Jackie Newton

Other General Membership Delegates Present:

Martin Cooke* Lynn Barbee

CFCOG Staff Present:

Ginger Brick Wes MacLeod April Radford Allen Serkin Dawn Tucker
Noel Fox, Atty*

Guests Present:

Members and others who participated remotely are indicated with an asterisk ().*

1. Call to Order, Welcome, Invocation and Pledge

Mr. Forte called the meeting to order and welcomed everyone at 11:07 AM. Mr. Serkin did roll call to confirm quorum. Mr. Forte led the invocation and Pledge of Allegiance.

Present: Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Absent: Mr. Coleman and Mr. Rivenbark.

2. Approval of Agenda

Mr. Forte requested to amend the agenda to fill the vacant New Hanover County Municipal seat on the Executive Committee formerly held by Mr. Charlie Rivenbark of Wilmington. Motion by Ms. Bozeman, seconded by Ms. Dawson, to approve the amendment carried unanimously. *Ayes: Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Nays: None.*

2a. Fill Vacant New Hanover County Municipal Executive Committee Seat

Motion by Ms. Dawson, seconded by Ms. Newton, to appoint Mr. Lynn Barbee of Carolina Beach as the New Hanover County municipal representative on the Executive Committee and Secretary/Treasurer carried unanimously. *Ayes: Mr. Barbee, Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Nays: None.*

3. Approval of Minutes

Mr. Forte asked if there were any corrections to the minutes. Being none, Mr. Forte asked for a motion to approve the Minutes. A motion by Ms. Bozeman, seconded by Ms. Newton, to approve the December 11, 2023, minutes as presented carried unanimously. *Ayes: Mr. Barbee, Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Nays: None.*

4. Annual Meeting

Mr. Forte presented the Nominating Committee's proposed slate of officers to be presented at the Annual Meeting for approval by the Board. After discussion there was a motion by Ms. Newton, seconded by Mr. Grate, to accept the Nominating Committee's recommendation (Mike Forte for Chair, Brenda Bozeman for

Vice-Chair, and Lynn Barbee for Secretary/Treasurer). The motion carried unanimously. *Ayes: Mr. Barbee, Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Nays: None.*

Mr. Serkin presented the proposed itinerary and agenda for the Annual Meeting and explained the purpose for the itinerary is to assist non-board members to follow along with the program. Mr. Forte explained the process of the Annual Meeting. There were no questions or discussion. Motion by Mr. Grate, seconded by Ms. Newton to approve the Annual Meeting Agenda and Itinerary carried unanimously. *Ayes: Mr. Barbee, Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Nays: None.*

5. Finance Reports

Ms. Tucker presented the Budget Report through January 31, 2024. Ms. Tucker addressed general funds spending questions and Mr. Serkin and Mr. MacLeod addressed Disaster Recovery Training funds. Motion by Ms. Dawson, seconded by Ms. Newton to approve Budget Report as presented carried unanimously. *Ayes: Mr. Barbee, Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Nays: None.*

Ms. Tucker presented Budget Ordinance Amendment #3. Ms. Tucker and Mr. Serkin addressed questions about the request to approval the acceptance of an additional \$17,482 for the Area Agency on Aging Ombudsman program, the increase of \$120,623 funds for the Workforce Development Career Centers, and the return of unspent \$13,917 funds from the MOTSU program. Ms. Brick addressed additional questions about reopening Pender County Career Centers and advertising. Motion by Ms. Bozeman, seconded by Mr. Barbee to approve Budget Ordinance Amendment #3 carried unanimously. *Ayes: Mr. Barbee, Ms. Batts, Ms. Bozeman, Ms. Dawson, Mr. Forte, Mr. Grate, and Ms. Newton. Nays: None.*

6. Staff Reports

Mr. Serkin presented the Executive Director's report and the contract summary. Mr. Serkin explained the purpose of the contract summary for the new committee member. As a follow-up to the request from H2GO to contract with the CFCOG Mr. Serkin proposed an additional 25% added to the rate charged to H2GO. There were no questions. No action was taken.

Mr. Serkin presented the Area Agency on Aging report on behalf of Ms. Pilson. Mr. Serkin handed out "AAA Seeking Input" fliers. Mr. Serkin informed the Executive Committee that Area Agency on Aging would be presenting their Area Plan for approval at the May 13th meeting for approval. There were no questions. No action was taken.

Mr. Serkin presented the Homeless Services report on behalf of Ms. Stough. Homeless Services has assisted 24 people with rental assistance and the annual homeless Point In Time count was completed in January, the results of which will be presented at a later meeting. There were no questions. No action was taken.

Mr. MacLeod presented the Local Government Services report. Mr. MacLeod reminded the Executive Committee that the Local Government Services provides Board training once a year for members. Mr. MacLeod informed the Executive Committee that Local Government Services is working on updating the Carolina Beach Unified Development Ordinance, Pender County Land Use Plan, and Sunset Beach Unified Development Ordinance. There were no questions. No action was taken.

Ms. Brick presented the Workforce Development report. Ms. Brick informed the Executive Committee of efforts the Workforce Development department is currently involved in, including Rapid Response Training, ARPA training grants for micro-businesses and minority- and female-owned businesses, Sector Partnership Training grants, an Opportunity Youth event sponsored by NC State Institute for Emerging Issues, and the 4-year Area Plan. There were no questions. No action was taken.

7. Forum Update

Mr. Gunter was unable to attend the last Forum. There was no Forum Update. Mr. Serkin recommended ending the Forum partnership.

8. Chairman and Member Comments

Mr. Forte asked the Executive Committee to push attending the Annual Meeting.

Mr. Cooke recommended using cell phones to promote Emergency Management issues.

9. Adjournment

Motion by Ms. Bozeman, seconded by Mr. Barbee to adjourn the meeting. The meeting adjourned at 12:35 PM.

Respectfully submitted,

April D. Radford, Clerk to the Board

Mike Forte, Chairman

CAPE FEAR COUNCIL OF GOVERNMENTS
Cash Balance and
Budget/Expenditure Comparison
FY 2023-2024 (as of April 30, 2024) **UNAUDITED**

Cash Balance

Cash Balance in Bank	325,572
North Carolina Cash Management Investments	1,071,514
Total Cash on Hand	\$ 1,397,086

Budget & Actual Revenues

Departments	Adjusted Budget	Jul - Apr Revenues	Reserve Balance	Remaining Budget	Percent Received
Homeless Services	\$ 867,749	\$ 416,266	\$ 263,441	\$ 188,041	69%
Local Gov Services	\$ 1,694,475	325,826	878,580	490,069	40%
Area Agency on Aging	\$ 6,733,394	4,888,201	74,869	1,770,324	73%
Workforce Development	\$ 4,816,712	1,936,513	1,143,946	1,736,253	53%
General Fund	35,000	209,060	131,848	(42,213)	125%
Total Revenues	\$ 14,147,330	\$ 7,775,866	\$ 2,492,684	\$ 4,184,687	67%

Budget & Actual Expenditures

Departments	Beginning Budget	Jul - Apr Expenditures	Reserve Balance	Remaining Budget	Percent Expended
Homeless Services	\$ 85,467	\$ 70,904		\$ 14,563	83%
ESG - CARES	8,108	8,108		0	100%
ESG - HMIS	194,647	62,702	83,335	48,610	56%
ESG - ADM	17,406	8,102	6,141	3,163	72%
HUD - Perm. Supportive Housing	371,288	178,356	123,327	69,605	72%
HUD - CE Assessor	141,679	75,137	32,969	33,573	69%
HUD - PLANNING	49,153	30,894	17,670	589	98%
Homeless Services	867,749	434,204	263,441	170,104	72%
Planning Services	289,115	159,827		129,287	55%
Rural Planning Org	153,000	119,144		33,856	78%
Disaster Recovery	282,232	80,734	127,407	74,091	52%
SCRC LDD	24,000	2,739		21,261	11%
Flood Mitigation	200,000	1,307	194,776	3,917	25%
LGS Special Projects	181,412	101,460	53,136	26,816	79%
LGS-ARPA	564,716	31,211	503,261	30,245	51%
Local Gov Services	1,694,475	496,421	878,580	319,474	61%
Aging Planning & Admin.	403,340	306,785		96,555	76%
Ombudsman & Elder Abuse	207,772	190,653		17,119	92%
Project Care	111,000	90,322		20,678	81%
Family Caregiver Support	138,445	117,278		21,167	85%
AAA Funds to Counties	4,191,805	2,661,976		1,529,829	64%
AAA ARP	1,681,032	1,133,550	74,869	472,613	71%
Area Agency on Aging	6,733,394	4,500,563	74,869	2,157,962	68%
WIOA - Admin	420,310	319,405	59,389	41,516	88%
WIOA - Adult	1,323,518	566,626	391,527	365,364	61%
WIOA - Dislocated Worker	852,357	342,065	188,867	321,425	52%
WIOA - IWTG	50,000	4,160		45,840	8%
WIOA - Youth	1,601,916	660,322	330,632	610,962	52%
Industry Sector Planning Grant	35,000	-		35,000	0%
Virtual Reality Grant	5,000	4,000		1,000	80%
BSR Grant	4,700	4,700		-	100%
Infrastructure Grant	80,923	74,702		6,220	92%
WF ARPA Grant	442,988	29,973	173,530	239,485	11%
Workforce Development	4,816,712	2,005,954	1,143,946	1,666,812	55%
General Operations	35,000	14,939		20,061	43%
General Fund	35,000	14,939	-	20,061	43%
Total Expenditures	\$ 14,147,330	\$ 7,452,080	\$ 2,360,837	\$ 4,334,413	63%
Administration	496,153	394,497		101,656	80%

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



CAPE FEAR COUNCIL OF GOVERNMENTS

POSITION CLASSIFICATION AND PAY PLAN
EFFECTIVE MAY 13, 2024



draft 5/9/2024

CAPE FEAR COUNCIL OF GOVERNMENTS

Position Classification and Pay Plan

Effective May 13, 2024

Grade	Position	Dept.	Minimum	Maximum	Positions Allocated		
					Perm	Temp	
					FT	FT	PT
7	Homeless Services Assistant	HS	\$ 37,135	\$ 59,366			1.25
9	Aging Program Coordinator	AAA	\$ 40,990	\$ 65,529		1	
9	Aging Specialist	AAA	\$ 40,990	\$ 65,529	1		
9	Clerk to the Board	ADM	\$ 40,990	\$ 65,529	1		
9	Homeless Services Specialist	HS	\$ 40,990	\$ 65,529	1	0	
11	Aging Compliance Specialist	AAA	\$ 45,245	\$ 72,331	1		
11	Family Caregiver Specialist	AAA	\$ 45,245	\$ 72,331	1		
11	Fiscal Support Technician	ADM	\$ 45,245	\$ 72,331	1		
11	Ombudsman	AAA	\$ 45,245	\$ 72,331	2		
11	Project C.A.R.E Coordinator	AAA	\$ 45,245	\$ 72,331	1		
11	Project Manager	LGS	\$ 45,245	\$ 72,331			0.5
11	Workforce Dev. Coordinator	WFD	\$ 45,245	\$ 72,331	1		
11	Workforce Dev. Programs Manager	WFD	\$ 45,245	\$ 72,331	1		
15	Business Engagement Manager	WD	\$ 55,127	\$ 88,129	1		
15	Business Services Representative	WD	\$ 55,127	\$ 88,129			1
15	Management Specialist	LGS	\$ 55,127	\$ 88,129		1	
15	Project Manager 2	LGS	\$ 55,127	\$ 88,129		1	
18	Homeless Services Director	HS	\$ 63,930	\$ 102,202	1		
18	Regional Planner	LGS	\$ 63,930	\$ 102,202	1		
18	Senior Planner	LGS	\$ 63,930	\$ 102,202		1	0.5
18	Workforce Dev. Assistant Director	WD	\$ 63,930	\$ 102,202	1		
22	AAA Director	AAA	\$ 77,893	\$ 124,523	1		
22	Local Gov. Services Director	LGS	\$ 77,893	\$ 124,523	1		
22	Workforce Dev. Director	WD	\$ 77,893	\$ 124,523	1		
23	Finance Director	ADM	\$ 81,836	\$ 130,827	1		
28	Executive Director	ADM	\$ 104,757	\$ 167,470	1		
NA	LGS Interns	LGS	10/hr	20/hr			0.15
TOTAL ALLOCATED POSITIONS					20	4	3.4

Adopted this _____ day of _____, 20_____.

BY:

ATTEST:


Mike Forte, Chair

April Radford, Clerk



CAPE FEAR COUNCIL OF GOVERNMENTS

PROPOSED
FISCAL YEAR 2024-2025
BUDGET



DRAFT
5/9/2024

I am pleased to present the proposed FY 2024-2025 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 28% 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 24-25 is \$12,230,912, representing a nearly \$1,666,833 (12%) decrease from the \$13,897,744 appropriation adopted for the prior fiscal year. This decrease is primarily due to (1) spending down special multi-year funding sources, particularly ARPA funds, and (2) planned transfer of HUD Permanent Supportive Housing (PSH) funding to another Homeless Service agency. Specific changes related to each program are summarized as follows:

Local Government Services +5% +\$71,448
 Increase is primarily due to receipt of multi-year grant from NC Emergency Management during FY 2023-24, after adoption of the initial budget.

Area Agency on Aging -25% -\$1,852,413
 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 7% +\$284,800
 Increase is primarily due to an increase in expected program carryforward funds relative to FY 23-24. Final formula allocations were not available during the budgeting process and a budget amendment will be required once award amounts are provided.

Homeless Services -22% -\$201,900
 Decrease is primarily due to the transfer of HUD PSH funds to local partner.

General Government +89% +\$31,232
 Increase is primarily due to fewer obligations relative to FY 23-24.

CFCOG Total -12% -\$1,666,833
 Area Agency on Aging and Homeless Services decreases are partially offset by increases in Local Government Services and Workforce Development programs. Overall, the budget reflects conservative revenue projections which may increase when final allocations are known.

Administrative Overhead (Indirect) +9% +\$47,107

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 21% of the total Council budget. A 4% 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 Position Classification and 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, especially in the current labor market.

Revenues

The Council is funded primarily through grants from federal and State agencies. 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 typically not known until late in the budgeting process or after budget adoption. 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 preliminary and final funding award 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 Southeast Crescent Regional Commission (SCRC). 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, Department of Public Safety, 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 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 service 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 23-24 Approved	FY 24-25 Proposed	Change \$	%
Local Government Services:				
Revenues:				
NCDOT	106,375	145,350		
Service Contracts	433,933	309,481		
Direct Federal Grants	12,314	24,000		
Dues/Match/Other	750,412	895,650		
Department Revenue	1,303,034	1,374,481		
Expenditures:				
Contract Services	472,791	317,481		
Transportation Planning	135,370	153,000		
Disaster Recovery/ARPA	682,558	680,000		
SCRC	-	24,000		
Flood Mitigation	-	200,000		
MOTSU JLUS Implementation	12,314	-		
Department Expenditure	1,303,033	1,374,481	\$ 71,448	5%
		-		
Area Agency on Aging:				
Revenues:				
State/Federal Funds	7,225,939	5,368,948		
Local Match	82,617	87,195		
Department Revenue	7,308,556	5,456,143		
Expenditures:				
Planning and Administration	532,470	443,519		
LTC Ombudsman and Elder Abuse	246,411	256,932		
Family Caregiver Support Program	130,204	142,445		
Project CARE	111,000	120,000		
Provider Contracts	6,288,471	4,493,247		
Department Expenditure	7,308,556	5,456,143	\$ (1,852,413)	-25%
		-		
Workforce Development:				
Revenues:				
WIOA Funds	4,340,945	4,625,745		
Department Revenue	4,340,945	4,625,745		
Expenditures:				
Administration	432,021	286,808		
Adult Program	1,088,611	1,390,605		
Dislocated Worker Program	845,039	863,771		
Youth Program	1,475,274	1,684,171		
Other	500,000	400,390		
Department Expenditure	4,340,945	4,625,745	\$ 284,800	7%
		-		

COMPARATIVE BUDGET ANALYSIS

Homeless Services:

Revenues:

Local-Administration	86,500	82,803	
Local-Match	89,775	52,096	
HUD CoC	527,515	397,382	
ESG HMIS	194,112	163,749	
ESG Administration	12,308	12,281	
Department Revenue	910,210	708,311	

Expenditures:

HS Administration	86,500	82,803	
HUD Coordinated Entry	151,250	232,099	
HUD Planning and PSH	466,040	217,379	
ESG HMIS	194,112	163,749	
ESG Administration	12,308	12,281	
Department Expenditure	910,210	708,311	\$ (201,900) -22%

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General Government

Revenues:

Misc.& Dues	35,000	66,232	
Department Revenue	35,000	66,232	

Expenditures:

Miscellaneous	35,000	21,000	
Unobligated Dues	-	45,232	
Department Expenditure	35,000	66,232	\$ 31,232 89%

Total Revenues

\$ 13,897,745 \$ 12,230,912

Total Expenditures

\$ 13,897,744 \$ 12,230,912 \$ (1,666,833) -12%

Administrative Overhead from Programs	\$ 496,153	\$ 543,260	\$ 47,107	9%
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MEMBER ASSESSMENTS

County/ Municipality	Pop. July '21	Pop. July '22	Pop. Change	Dues/Match 23-24	Dues/Match 24-25	Change
1 Brunswick County	68,042	71,574	3,532	\$ 30,475	\$ 32,309	\$ 1,834
2 Bald Head Island	282	292	10	351	353	2
3 Belville	2,462	2,522	60	743	754	11
4 Boiling Spring Lakes	6,163	6,424	261	1,409	1,456	47
5 Bolivia	152	175	23	327	332	5
6 Calabash	2,121	2,208	87	682	697	15
7 Carolina Shores	4,849	5,197	348	1,173	1,235	62
8 Caswell Beach	403	409	6	373	374	1
9 Holden Beach	968	1,014	46	474	483	9
10 Leland	25,459	28,126	2,667	4,883	5,363	480
11 Navassa	1,452	1,559	107	561	581	20
12 Northwest	746	833	87	434	450	16
13 Oak Island	8,855	9,346	491	1,894	1,982	88
14 Ocean Isle Beach	922	978	56	466	476	10
15 Sandy Creek	259	276	17	347	350	3
16 Shallotte	4,347	4,528	181	1,082	1,115	33
17 Southport	4,226	4,510	284	1,061	1,112	51
18 St. James	7,011	7,541	530	1,562	1,657	95
19 Sunset Beach	4,300	4,465	165	1,074	1,104	30
20 Varnamtown	531	538	7	396	397	1
Brunswick Total	143,550	152,515	8,965	\$ 49,767	\$ 52,580	\$ 2,813
21 Columbus County	36,120	35,745	(375)	\$ 17,515	\$ 17,562	\$ 47
22 Boardman	166	165	(1)	330	330	-
23 Bolton	637	633	(4)	415	414	(1)
24 Brunswick	929	973	44	467	475	8
25 Cerro Gordo	131	132	1	324	324	-
26 Chadbourn	1,571	1,555	(16)	583	580	(3)
27 Fair Bluff	713	708	(5)	428	427	(1)
28 Lake Waccamaw	1,325	1,311	(14)	539	536	(3)
29 Sandyfield	429	427	(2)	377	377	-
30 Tabor City	3,643	3,726	83	956	971	15
31 Whiteville	4,705	4,676	(29)	1,147	1,142	(5)
Columbus Total	50,369	50,051	(318)	\$ 23,081	\$ 23,138	\$ 57
32 New Hanover County	100,614	102,768	2,154	\$ 41,149	\$ 42,598	\$ 1,449
33 Carolina Beach	6,584	6,712	128	1,485	1,508	23
34 Kure Beach	2,208	2,226	18	697	701	4
35 Wilmington	118,063	121,309	3,246	21,551	22,136	585
36 Wrightsville Beach	2,474	2,487	13	745	748	3
New Hanover Total	229,943	235,502	5,559	\$ 65,627	\$ 67,691	\$ 2,064
37 Pender County	53,532	55,274	1,742	\$ 24,584	\$ 25,600	\$ 1,016
38 Atkinson	306	312	6	355	356	1
39 Burgaw	4,203	4,145	(58)	1,057	1,046	(11)
40 St. Helena	425	433	8	377	378	1
41 Surf City	3,848	4,120	272	993	1,042	49
42 Topsail Beach	480	493	13	386	389	3
44 Watha	184	194	10	333	335	2
Pender Total	62,978	64,971	1,993	\$ 28,085	\$ 29,146	\$ 1,061
45 Holly Ridge	4,503	4,792	289	\$ 1,111	\$ 1,163	\$ 52
46 North Topsail Beach	1,037	1,059	22	487	491	4
43 Wallace	3,439	3,425	(14)	919	917	(2)
Affiliate Members	8,979	9,276	297	\$ 2,517	\$ 2,571	\$ 54
GRAND TOTAL	495,819	512,315	16,496	\$ 169,077	\$ 175,126	\$ 6,049

**CAPE FEAR COUNCIL OF GOVERNMENTS
FISCAL YEAR 2024-2025 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, 2024, and ending June 30, 2025:

SECTION 1: Funds are appropriated as follows:

Expenditures by Department:

Local Governments Services	\$1,374,481
Aging Services	5,456,143
Workforce Development	4,625,745
Homeless Services	708,311
General Government	66,232
Total Expenditures	\$12,230,912

Revenues by Source:

Federal	\$397,382
Fed/State Pass Thru	10,677,810
State	542,263
Member Assessment	66,232
Local Aging Share	87,195
Local LGS Share	15,650
Local HS Share	134,899
Fee-For-Service	309,481
Total Revenues	\$12,230,912

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 10th day of June 2024.

Mike Forte, Chairman

April D. Radford, Clerk

DRAFT

Cape Fear Council of Governments

Public Notice

2024-2025 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 2024-2025 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 10, 2024**, at 11:00 A.M. at the CFCOG office, 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 Thursday, May 23, 2024 – Star News

One day Thursday, May 23, 2024 – News Reporter

Contact:

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



May 6, 2024

Executive Committee
Cape Fear Council of Government
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 PBMares, LLP (“PBMares”, “we”, “us”, or “our”), audit Cape Fear Council of Government’s (“Council”, “you”, or “your”) governmental activities, each major fund, and aggregate remaining fund information as of and for the year ending June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements. In addition, the supplementary information 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 (“Engagement 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 opinions. 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 PBMares perform the audit of the Council as of June 30, 2024 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 (“ACT”).

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS; GAS; the Uniform Guidance; the Act; and the U.S. Office of Management and Budget's ("OMB") Compliance Supplement. Those standards, regulations, Act and supplement require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, the Uniform Guidance, and the Act, we exercise professional judgment 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 opinions.
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 the 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, Act and supplement 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, Act and supplement 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 required supplementary information (“RSI”) which the Governmental Accounting Standards Board (“GASB”) requires be presented to supplement the basic financial statements. Management is also responsible for the preparation of the supplementary information 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 supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information 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 Engagement 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 the 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 and Act requirements; (c) internal control over compliance; (d) compliance with federal and state statutes, regulations, and the terms and conditions of federal and state 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 opinions, 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 opinions, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express opinions 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, 2024;
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.

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 and described above 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 Engagement Letter documents that understanding.

Other Relevant Information

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

Fees, Costs, and Access to Workpapers

Our fees for the audit services described above are not expected to exceed \$37,500. Our fees reflect the time and resources required to complete our services at our standard rates. Major programs in excess of two programs will be billed at \$4,000 each.

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.

Fees are due and payable upon presentation of our invoice to you. Billings will be submitted as work progresses and as expenses are incurred. **Amounts not paid within thirty days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per year) and may be subject to a charge of 25% for attorney fees and collection costs.**

Use of Subcontractors and Third-Party Products

We may, in our sole discretion, use qualified subcontractors to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined below) to them. We may share your information, including Confidential Information, with these subcontractors provided that such recipients are bound by written obligations of confidentiality. You acknowledge and agree that our use of a subcontractor may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure. We will be responsible to you for the performance of our subcontractors, solely as it relates to the services performed under this Engagement Letter, subject to all limitations and disclaimers set forth herein.

We also may provide services to you using certain third-party hardware, software, equipment, or products (collectively, "Third-Party Products" and each individually, a "Third-Party Product"). You acknowledge that the use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by or on behalf of you to us, including Confidential Information and Personal 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.

Mike Forte, Chairman, Allen Serkin, Executive Director, and Dawn Tucker, Finance Director
Cape Fear Council of Government
May 6, 2024
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You acknowledge that the 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 the 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 Engagement 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 Engagement 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.

The documentation for this engagement is the property of PBMares. However, 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 Engagement 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 Engagement 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 Engagement Letter. Without limiting the generality of the foregoing, the Council acknowledges and agrees that Audit Documentation constitutes Confidential Information of PBMares.

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 Disclosing Party’s 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 Engagement 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/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 Engagement Letter. You acknowledge that you have read and understand the Privacy Policy and agree to the practices as described therein.

Upon written request, but not more than annually during the term of this Engagement Letter, we will deliver to you a copy of our data security report evidencing the operating effectiveness of our Information Technology (“IT”) control environment. 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 Engagement 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 Engagement 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, marked or unmarked or controlled unclassified information (“CUI”) subject to the National Industrial Security Program Operating Manual (“NISPOM”) or the Defense Federal Acquisition Regulation Supplement (“DFARS”), or export controlled data subject to Export Administration Regulations (“EAR”), or International Traffic in Arms Regulations (“ITAR”). 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, as may be defined by applicable privacy, data protection or cybersecurity laws, that directly or indirectly identifies a natural person, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver’s license numbers or government-issued identification card numbers, and health information.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. We are permitted to use all such Personal Information to perform our obligations and exercise our rights under this Engagement Letter.

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 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 Engagement 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 Engagement 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 Engagement 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.

Either party may terminate this Engagement Letter upon written notice if: (i) circumstances arise that in its judgment would cause its continued performance to 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.

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 Engagement 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 Engagement 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 Engagement 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 Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for us to recommence work, the execution of a new Engagement Letter will be required.

The parties agree that those provisions of this Engagement 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 Engagement Letter.

Miscellaneous

The Council agrees that it will not include our reports, or otherwise associate us, with any public or private securities offering without first obtaining our consent. Therefore, the Council agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The Council 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 Engagement 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.

Any term of this Engagement 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 Engagement Letter, all notices required to be given hereunder will be in writing and addressed to the party at the business address provided in this Engagement 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 Engagement 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 Engagement 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 Engagement 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 Engagement Letter.

If any term or provision of this Engagement 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 Engagement 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 Engagement 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 Engagement 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.

Please sign and return a copy of this Engagement 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.

Mike Forte, Chairman, Allen Serkin, Executive Director, and Dawn Tucker, Finance Director
Cape Fear Council of Government
May 6, 2024
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AGREED TO AND ACKNOWLEDGED BY:

PBMares, LLP



Robert E. Bittner III, CPA, MBA
Partner

Confirmed on behalf of the Cape Fear Council of Government:

Mark Forte, Chairman

Date

Allen Serkin, Executive Director

Date

Dawn Tucker, Finance Director

Date



May 6, 2024

Executive Committee
Cape Fear Council of Governments
Wilmington, North Carolina

Attention: Mike Forte, Chairman

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Cape Fear Council of Governments' ("Council") financial statements and compliance as of and for the year ending June 30, 2024.

Communication

Effective two-way communication between our firm and the Executive Committee is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the Council and its environment, identifying appropriate sources of audit evidence, and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, statutes, regulations, rules, provisions of contracts or grant agreements or abuse that is likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance, or fraud that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Additionally, we will communicate significant unusual transactions, matters that are difficult or contentious for which the auditor consulted outside the engagement team, and circumstances that affect the form and content of the auditor's report. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing.

Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants ("AICPA") and *Government Accountability Office* ("GAO") independence rules. For PBMares to fulfill its professional responsibility to maintain and monitor independence, management, the Executive Committee, and PBMares each play an important role.

Our responsibilities:

1. AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. PBMares is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
2. Maintain a system of quality management over compliance with independence rules and firm policies.

Your responsibilities:

1. Timely inform PBMares, before the effective date of transactions or other business changes of the following:
 - a. New affiliates, directors, or officers.
 - b. Changes in the organizational structure or the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units or jointly governed organizations.
2. Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
3. Understand and conclude on the permissibility, prior to the authority and its affiliates, officer, directors, or persons in a decision-making capacity, engaging in business relationships with PBMares.
4. Not entering into arrangements of nonaudit services resulting in PBMares being involved in management decisions on behalf of the Council.
5. Not entering into relationships resulting in close family members of PBMares covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Council.

Our Independence Policies and Procedures

Our independence policies and procedures are designed to provide reasonable assurance our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, our partners and professional employees are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies prohibit us from providing certain non-attest services and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on updating our understanding of how the Council functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to update our understanding of business objectives, strategies, risks, and performance.

As part of updating our understanding of the Council and its environment, we will update our understanding of your system of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also update our understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, forming the opinion in our report on the financial statements, and determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree in which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur, or that is to be treated as a significant risk in accordance with auditing standards generally accepted in the United States of America. As part of our initial risk assessment procedures, we identified the following risks as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Risk Name	Risk Description	Planned Response
Management override of controls and segregation of duties.	Due to the Council’s small size, there is a heightened risk that management can override controls in place to commit fraud.	PBMares will perform walkthroughs of controls and procedures. PBMares will also test journal entries to ensure they are being properly recorded and documented.
Fraudulent revenue recognition	The risk that revenue will be overstated or recorded in the wrong period in order to be reflected in the current year financial statements.	PBMares will perform detail testing over revenue transactions. In addition, revenue from various federal and state sources will be confirmed.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include updating our understanding of internal control over financial reporting and compliance sufficient to plan the audit and determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control over financial reporting and compliance or identify significant deficiencies or material weaknesses. Our review and understanding of the Council’s internal control over financial reporting and compliance is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue a report on internal control over financial reporting and compliance related to the financial statements and major programs. This report describes the scope of testing of internal control over financial reporting and compliance and the results of our tests of internal control over financial reporting and compliance. Our report on internal control over financial reporting and compliance will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of updating our understanding of internal control and performing tests of internal control over financial reporting and compliance consistent with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (“Uniform Guidance”), the U.S. Office of Management and Budget’s (“OMB”) Compliance Supplement, and the State Single Audit Implementation Act (“Act”).

Executive Committee
Cape Fear Council of Governments
May 6, 2024
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We will issue reports on compliance with laws, statutes, regulations, and the terms and conditions of federal and state awards. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with the requirements of the standards, regulations, supplement and Act identified above.

Timing of the Audit

Preliminary audit field work has been scheduled for June 2024, and we have scheduled final field work for September 2024. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the Council.

This communication is intended solely for the information and use of the Executive Committee and is not intended to be, and should not be, used by anyone other than this specified party.

Sincerely,

PBMares, LLP

A handwritten signature in blue ink, appearing to read "Robert E. Bittner III".

Robert E. Bittner III, CPA, MBA
Partner

May 6, 2024

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

Attention: Mike Forte, Chairman

Re: Fiscal Year-End June 30, 2024 Single Audit

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (“Uniform Guidance”) identifies the auditee’s responsibilities for the compliance audit engagement. This Uniform Guidance clarifies the auditee’s responsibility for completion and submission of the single audit; preparation of the financial statements, including the schedule of expenditures of federal awards; compliance with applicable requirements; maintenance of internal controls; and taking appropriate corrective action. In order to properly plan our single audit engagement, we need a draft copy of your schedule of expenditures of federal awards and summary schedule of prior audit findings prior to the commencement of final fieldwork.

Schedule of Expenditures of Federal Awards

The Uniform Guidance requires the auditee identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. Federal program and award identification must include, as applicable, the Assistance Listing title and number, the federal award identification number and year, the name of the federal agency, and the name of the pass-through entity, if any. Additionally, any COVID-19 related awards should be separately identified as such. This information enables the auditee to reconcile amounts presented in the financial statements to related amounts in the schedule of expenditures of federal awards.

The Uniform Guidance states the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee’s financial statements, which must include the total federal awards expended as determined by 2 CFR 200.502. The Uniform Guidance also specifies what must go on the face of the schedule and what must go in the notes to the schedule.

At a minimum, the face of the schedule of expenditures of federal awards must:

- List individual federal programs by federal agency. For a cluster of programs, provide the cluster name, list individual federal programs within the cluster of programs, and provide the applicable federal agency name. For research and development, total federal awards expended must be shown either by individual award or by federal agency and major subdivision within the federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services (the federal agency).

- For federal awards received as a subrecipient, include the name of the pass-through entity and the identifying number assigned by the pass-through entity.
- Provide the total federal awards expended for each individual federal program and the Assistance Listing number or other identifying number when the Assistance Listing information is not available. Recipients should separately identify COVID-19 related award on the schedule of expenditures of federal awards and the data collection form. For a cluster of programs, also provide the total for the cluster. Note that under the Uniform Guidance, all noncash awards must go on the face of the schedule.
- Include the total amount of federal awards expended for loan or loan guarantee programs.
- Include the total amount provided to subrecipients from each federal program.

The Uniform Guidance also provides that the following must be included in the notes to the schedule:

- The balances of loan and loan guarantee programs (loans) outstanding at the end of the audit period for those loans described in 2 CFR 200.502(b). Note that loan information is not included in the notes to the schedule for loan and loan guarantees at institutions of higher education (when the loans are made to students, but the IHE does not make the loans). Furthermore, prior loan and loan guarantee balances for which there are no continuing compliance requirements other than to repay the loans are not required to be included in the notes to the schedule.
- The significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10 percent *de minimis* indirect cost rate.

Summary Schedule of Prior Audit Findings and Corrective Action Plan

The auditee is responsible for follow-up and corrective action on findings relating to federal awards and the financial statements. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. The auditee is not required to prepare a summary schedule of prior audit findings if there are no matters reportable therein. The summary schedule of prior audit findings must include the reference numbers the auditor assigned to audit findings in the prior schedule of findings and questioned costs. Because the summary schedule of prior audit findings may include audit findings from multiple years, it must include the fiscal year in which the finding initially occurred.

The summary schedule of prior audit findings must report the status of all audit findings (which encompass those defined in 2 CFR 200.516(a)) included in the prior audit's schedule of findings and questioned costs. The schedule must also include audit findings reported in the prior audit's summary schedule of prior audit findings unless those audit findings were listed as corrected, no longer valid or not warranting further action. Note that when audit findings were fully corrected, the schedule need only list the audit findings and state that corrective action was taken. When audit findings were not corrected or were only partially corrected, the schedule must describe the reasons for the audit finding's recurrence and planned corrective action and any partial corrective action taken. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the federal agency's or pass-through entity's management decision, the schedule must provide an explanation.

Mike Forte, Chairman
Cape Fear Council of Governments
May 6, 2024
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In accordance with 2 CFR 200.511, the summary schedule of prior audit findings must also include findings relating to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Although the Uniform Guidance technically limits the auditor's follow-up responsibility to audit findings in 2 CFR 200.516(a), *Government Auditing Standards* include a requirement that the auditor evaluate whether the auditee has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements or other data significant to the audit objectives.

The auditor cannot take responsibility for the preparation of the corrective action plan. However, the Uniform Guidance requires we follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with the Uniform Guidance, and report, as a current year audit finding, when the auditor concludes the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding. We must perform audit follow-up regardless of whether a finding relates to a major program in the current year.

Please provide us with at least a draft copy of your schedule of expenditures of federal awards and summary schedule of prior audit findings at your earliest convenience. However, in keeping with our audit planning schedule, this information must be received by us no later than two weeks prior to the commencement of final fieldwork.

If you have any questions, please feel free to contact Robbie Bittner at 252-808-4524.

Thank you for your timely attention to this important audit step.

Sincerely,

PBMares, LLP

A handwritten signature in blue ink, appearing to read "Robbie Bittner", is written over a light blue circular stamp.

Robert E. Bittner III, CPA, MBA
Partner

The	Governing Board Executive Committee
of	Primary Government Unit Cape Fear Council of Government
and	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 06/30/24	Date Audit Will Be Submitted to LGC 10/31/24
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Must be within four months of FYE

hereby agree as follows:

- 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.
- 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 on or 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. If matters identified during the audit were required to be reported as described in AU-C §260.12-.14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

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.

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.

FEEES 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 be 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: Dawn Tucker	Title and Unit / Company: Finance Director	Email Address: dtucker@capefearcog.org
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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 Unit	Cape Fear Council of Government
Audit Fee (financial and compliance if applicable)	\$ 37,500
Fee per Major Program (if not included above)	\$ 4,000 per program exceeding two programs
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$

Discretely Presented Component Unit	
Audit Fee (financial and compliance if applicable)	\$
Fee per Major Program (if not included above)	\$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* PBMares, LLP	
Authorized Firm Representative (typed or printed)* Robert E. Bittner	Signature* 
Date* 05/06/24	Email Address* rebittner@pbmares.com

GOVERNMENTAL UNIT

Governmental Unit* Cape Fear Council of Government	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)* Mike Forte	Signature*
Date	Email Address* commissioner.forte@brunswickcountync.gov

Chair of Audit Committee (typed or printed, or "NA") 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.

Sum Obligated by This Transaction:	\$
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* (Enter date in box to right)	
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.

Sum Obligated by this Transaction:	\$
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

DESIGNATION OF APPLICANT'S AGENT AND APPLICANT ASSURANCES

ORGANIZATION NAME (HEREAFTER NAMED ORGANIZATION)

Cape Fear Council of Governments

PRIMARY AGENT	SECONDARY AGENT
AGENT'S NAME Allen Serkin	AGENT'S NAME Dawn Tucker
ORGANIZATION Cape Fear Council of Governments	ORGANIZATION Cape Fear Council of Governments
OFFICIAL POSITION Executive Director	OFFICIAL POSITION Finance Officer
MAILING ADDRESS 1480 Harbour Dr	MAILING ADDRESS 1480 Harbour Dr
CITY, STATE, ZIP wilmington, NC 28401	CITY, STATE, ZIP wilmington, NC 28401
DAYTIME TELEPHONE 910-395-4553	DAYTIME TELEPHONE 910-395-4553
Email Address aserkin@capefearcog.org	Email Address dtucker@capefearcog.org
PAGER OR CELLULAR NUMBER 910-398-7173	PAGER OR CELLULAR NUMBER NA

THE ABOVE PRIMARY AND SECONDARY AGENTS ARE HEREBY AUTHORIZED TO EXECUTE AND FILE APPLICATION FOR PUBLIC ASSISTANCE ON BEHALF OF THE ORGANIZATION FOR THE PURPOSE OF OBTAINING CERTAIN STATE AND FEDERAL FINANCIAL ASSISTANCE UNDER THE ROBERT T. STAFFORD DISASTER RELIEF & EMERGENCY ASSISTANCE ACT, (PUBLIC LAW 93-288 AS AMENDED) OR OTHERWISE AVAILABLE. THIS AGENT IS AUTHORIZED TO REPRESENT AND ACT FOR THE ORGANIZATION IN ALL DEALINGS WITH THE STATE OF NORTH CAROLINA AND THE FEDERAL EMERGENCY MANAGEMENT AGENCY FOR MATTERS PERTAINING TO SUCH DISASTER ASSISTANCE REQUIRED BY THE AGREEMENTS AND ASSURANCES PRINTED ON THE SECOND ATTACHED PAGE.

CHIEF FINANCIAL OFFICER	CERTIFYING OFFICIAL
NAME Dawn Tucker	OFFICIAL'S NAME Mike Forte
ORGANIZATION Cape Fear Council of Governments	ORGANIZATION Cape Fear Council of Governments
OFFICIAL POSITION Finance Officer	OFFICIAL POSITION Chair
MAILING ADDRESS 1480 Harbour Dr	MAILING ADDRESS 1480 Harbour Dr
CITY, STATE, ZIP wilmington, NC 28401	CITY, STATE, ZIP wilmington, NC 28401
DAYTIME TELEPHONE 910-395-4553	DAYTIME TELEPHONE 973-931-0144
FACSIMILE NUMBER	FACSIMILE NUMBER
PAGER OR CELLULAR NUMBER NA	PAGER OR CELLULAR NUMBER same

APPLICANT'S STATE COGNIZANT AGENCY FOR SINGLE AUDIT PURPOSES (IF A COGNIZANT AGENCY IS NOT ASSIGNED, PLEASE INDICATE):
NA

APPLICANT'S FISCAL YEAR (FY) START **2024** MONTH: **7** DAY: **1**

APPLICANT'S FEDERAL EMPLOYER'S IDENTIFICATION NUMBER **56-0949863**

APPLICANT'S STATE PAYEE IDENTIFICATION NUMBER **- -**

CERTIFYING OFFICIAL'S SIGNATURE

APPLICANT ASSURANCES

The applicant hereby assures and certifies that he will comply with the FEMA regulations, policies, guidelines and requirements including OMB's Circulars No. A-95 and A-102, and FMC 74-4, as they relate to the application, acceptance and use of Federal funds for this Federally-assisted project. Also, the Applicant gives assurance and certifies with respect to and as a condition for the grant that:

1. It possesses legal authority to apply for the grant, and to finance and construct the proposed facilities; that it is duly authorized pursuant to appropriate applicant authority and/or a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body and that the agents and officials designated herein are duly authorized under North Carolina law to act on behalf of the organization in all dealings with the State of North Carolina and the Federal Emergency Management Agency for all matters pertaining to the disaster assistance required by the agreements and assurances contained herein.
2. It will comply with the provisions of: Executive Order 11988, relating to Floodplain Management and Executive Order 12148, relating to Protection of Wetlands.
3. It will have sufficient funds available to meet the non-Federal share of the cost for construction projects. Sufficient funds will be available when construction is completed to assure effective operation and maintenance of the facility for the purpose constructed.
4. It will not enter into a construction contract(s) for the project or undertake other activities until the conditions of the grant program(s) have been met.
5. It will provide and maintain competent and adequate architectural engineering supervision and inspection at the construction site to insure that the completed work conforms with the approved plans and specifications; that it will furnish progress reports and such other information as the Federal grantor agency may need.
6. It will operate and maintain the facility in accordance with the minimum standards as may be required or prescribed by the applicable Federal, State and local agencies for the maintenance and operation of such facilities.
7. It will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
8. It will require the facility to be designed to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by the Physically Handicapped," Number A117.1-1961, as modified (41 CFR 101-17-7031). The applicant will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.
9. It will cause work on the project to be commenced within a reasonable time after receipt of notification from the approving Federal agency that funds have been approved and will see that work on the project will be prosecuted to completion with reasonable diligence.
10. It will not dispose of or encumber its title or other interests in the site and facilities during the period of Federal interest or while the Government holds bonds, whichever is the longer.
11. It agrees to comply with Section 311, P.L. 93-288 and with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and in accordance with Title VI of the Act, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this agreement. If any real property or structure is provided or improved with the aid of Federal financial assistance extended to the Applicant, this assurance shall obligate the Applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.
12. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
13. It will comply with the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced as a result of Federal and Federally assisted programs.
14. It will comply with all requirements imposed by the Federal grantor agency concerning special requirements of law, program requirements, and other administrative requirements approved in accordance with OMB Circular A-102, P.L. 93-288 as amended, and applicable Federal Regulations.
15. It will comply with the provisions of the Hatch Act, as amended, 5 USC 1501 et. seq. and 7324 et. seq., which limit the political activity of employees.
16. It will comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act, 29 U.S.C. Section 201 et seq., as they apply to hospital and educational institution employees of State and local governments.
17. (To the best of his knowledge and belief) the disaster relief work described on each Federal Emergency Management Agency (FEMA) Project Application for which Federal Financial assistance is requested is eligible in accordance with the criteria contained in 44 Code of Federal Regulations, Part 206, and applicable FEMA Handbooks.
18. The emergency or disaster relief work therein described for which Federal Assistance is requested hereunder does not or will not duplicate benefits received for the same loss from another source.
19. It will (1) provide without cost to the United States all lands, easements and rights-of-way necessary for accomplishments of the approved work; (2) hold and save the United States free from damages due to the approved work or Federal funding.
20. This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, reimbursements, advances, contracts, property, discounts of other Federal financial assistance extended after the date hereof to the Applicant by FEMA, that such Federal Financial assistance will be extended in reliance on the representations and agreements made in this assurance and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the applicant, its successors, transferees, and assignees, and the person or persons whose signatures appear on the reverse as authorized to sign this assurance on behalf of the applicant.
21. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973, as amended, 42 U.S.C. 40001 et. seq.. Further, Sections 102 and 103 (42 U.S.C. 4012a and 4015) required, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Director, Federal Emergency Management Agency as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.
22. It will comply with the insurance requirements of Section 314, PL 93-288, to obtain and maintain any other insurance as may be reasonable, adequate, and necessary to protect against further loss to any property which was replaced, restored, repaired, or constructed with this assistance.
23. It will defer funding of any projects involving flexible funding until FEMA makes a favorable environmental clearance, if this is required.
24. It will assist the Federal grantor agency in its compliance with Section 106 of the National Historic Preservation Act of 1966, as amended, 54 U.S.C. 306108 (former 16 U.S.C. 470), Executive Order 11593, and the Archeological and Historic Preservation Act of 1966 or 1974, 54 U.S.C. 312501 et. seq. (16 U.S.C. 469a-1 et seq.) by (a) consulting with the State Historic Preservation Officer on the conduct of investigations, as necessary, to identify properties listed in or eligible for inclusion in the National Register of Historic places that are subject to adverse effects (see 36 CFR Part 800.8) by the activity, and notifying the Federal grantor agency of the existence of any such properties, and by (b) complying with all requirements established by the Federal grantor agency to avoid or mitigate adverse effects upon such properties.
25. It will, for any repairs or construction financed herewith, comply with applicable standards of safety, decency and sanitation and in conformity with applicable codes, specifications and standards; and, will evaluate the natural hazards in areas in which the proceeds of the grant or loan are to be used and take appropriate action to mitigate such hazards, including safe land use and construction practices.

STATE ASSURANCES

The State agrees to take any necessary action within State capabilities to require compliance with these assurances and agreements by the applicant or to assume responsibility to the Federal government for any deficiencies not resolved to the satisfaction of the Regional Director.

CFCOG Contract Summary
Contracts Entered Since Prior Report

Dept.	Program	Contract Name or Description	Other Party	\$ to CFCOG	\$ to Other Party	Start Date	End Date	Funding Availability Clause (Y/N)	Prior Reimbursement Clause (Y/N)	CFCOG Matching Funds (Y/N)
LGS	RPO	Cape Fear RPO FY 2025 Allocation	NCDOT	\$ 153,000.00	\$ -	07/01/2024	06/30/2025	N/A	N/A	No
Workforce	Other WD	Virtual Reality Grant	NC Dept Of Commerce	\$ 5,000.00	\$ -	12/20/2023	06/30/2024	N/A	N/A	No
Homeless	NC ESG	ESG Subaward - Coastal Horizons Center	Coastal Horizons Center	\$ -	\$ 29,500.00	01/01/2024	12/31/2024	No	No	No
Homeless	NC ESG	ESG Subaward - Domestic Violence Shelter	Domestic Violence Shelter	\$ -	\$ 19,000.00	01/01/2024	12/31/2024	No	No	No
Homeless	NC ESG	ESG Subaward - New Beginning	New Beginning Christian Church	\$ -	\$ 29,749.00	01/01/2024	12/31/2024	No	No	No
Homeless	NC ESG	ESG Subaward - Good Shepherd	Good Shepherd Ministries	\$ -	\$ 50,950.00	01/01/2024	12/31/2024	No	No	No
Admin	Admin	Annual IT Services	Computer Connections, Inc.	\$ -	\$ 11,449.00	02/01/2024	01/31/2025	No	No	No
LGS	Other LGS	H2GO Voting Districts	Brunswick Regional Water & Sewer	\$ 10,000.00	\$ -	04/03/2024	10/31/2024	N/A	N/A	No
Homeless	PSH	PSH Rental Assistance Client: HMIS #585966	Shaw Real Estate, LLC	\$ -	\$ 12,329.20	04/05/2024	03/31/2024	Yes	No	No
LGS	Other LGS	Emergency Management Consulting Services	High Street Consulting Services, LLC	\$ -	\$ 14,270.00	04/11/2024	08/31/2024	No	No	No
Homeless	PSH	PSH Rental Assistance Client: HMIS #590516	Shaw Real Estate, LLC	\$ -	\$ 9,421.20	04/16/2024	03/31/2025	Yes	No	No
Admin	Admin	Systel Copier Lease	Systel Business Equipment	\$ -	\$ 51,560.40	05/01/2024	04/30/2029	No	No	No
LGS	Other LGS	Sandy Creek Planning & Zoning Technical Services	Town of Sandy Creek	\$ 4,000.00	\$ -	04/01/2024	06/30/2025	N/A	N/A	No
Workforce	Other WD	Renewal Agreement	Lightcast	\$ -	\$ 10,300.00	05/01/2024	04/30/2025	No	No	No
Workforce	Youth	Columbus Co Youth Amendment #1	Southeastern Community College	\$ -	\$ 297,500.00	07/01/2023	06/30/2024	Yes	No	No
Workforce	Adult/DW	Columbus Co A/DW Amendment #1	Southeastern Community College	\$ -	\$ 297,500.00	07/01/2023	06/30/2024	Yes	No	No
				\$ 172,000.00	\$ 833,528.80					

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
IWTG: Incumbent Worker Training Grant

OTHER ACRONYMS

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