

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

Financial and Compliance Reports
Year Ended June 30, 2019

Cape Fear Council of Governments

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Financial Section

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RSM US LLP

Independent Auditor's Report

To the Executive Committee
Cape Fear Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Fear Council of Governments (the Council) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of Cape Fear Council of Governments as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparisons of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-9 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 34-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cape Fear Council of Governments' basic financial statements. The schedules and other information listed in the table of contents as supplementary information, and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act listed in the table of contents in the compliance section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cape Fear Council of Governments' internal control over financial reporting and compliance.

RSM US LLP

October 31, 2019

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Management's Discussion and Analysis

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

As management of Cape Fear Council of Governments (Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Council's financial statements, which follow this narrative.

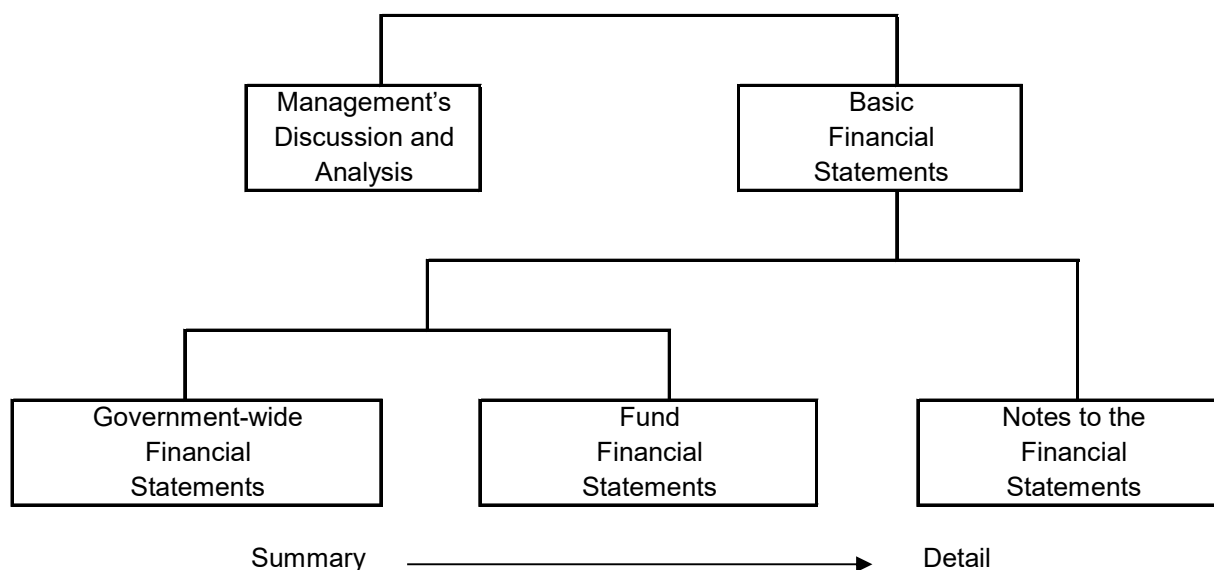
Financial Highlights

- The assets and deferred outflows of the Council *exceeded* its liabilities and deferred inflows at the close of the fiscal year by \$495,486 (net position).
- The Council's total net position *increased* by \$57,816 from June 30, 2018 to June 30, 2019, primarily due to a decrease in the need to utilize local dues to augment program revenues.
- As of the close of the current fiscal year, the Council's general fund reported ending fund balance of \$436,099, an *increase* of \$67,180 from June 30, 2018. Approximately 94.0% of this total amount, or \$409,109, which is the general fund's unassigned fund balance, is available for spending at the Council's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$409,109, or 14.9% of total expenditures for all funds (excluding pass through expenditures) for the fiscal year.

Overview of the Financial Statements

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

Figure 1



Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements

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

The next statements (pages 12 through 18) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. Budgetary information required by the General Statutes can be found in this part of the statements.

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

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

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 19 through 33 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain other supplementary information. That information can be found beginning on page 34 of this report.

Government-Wide Financial Analysis

	Governmental Activities	
	2019	2018
Current and other assets	\$ 1,490,597	\$ 1,268,223
Capital assets	16,087	15,875
Total assets	1,506,684	1,284,098
Deferred outflows of resources	303,186	196,010
Other liabilities	919,814	758,787
Net pension liability	329,993	188,827
Long-term liabilities	68,701	89,478
Total liabilities	1,318,508	1,037,092
Deferred inflows of resources	1,709	5,346
Net position:		
Invested in capital assets	16,087	15,875
Restricted:		
Stabilization by state statute	1,060,331	903,791
Unrestricted (deficit)	(586,765)	(481,996)
Total net position	\$ 489,653	\$ 437,670

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

Net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Council exceeded liabilities and deferred inflows by \$495,486 as of June 30, 2019. The Council's net position *increased* by \$57,816 from June 30, 2018 to June 30, 2019. Additionally, \$16,087 of the net position is invested in capital assets, \$1,060,331 is restricted and the remaining balance (a deficit) of (\$580,932) is unrestricted.

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 205,222	\$ 191,108
Operating grants and contributions	8,458,806	7,984,686
General revenues:		
Local dues	215,589	200,337
Investment earnings, unrestricted	7,902	3,979
Total revenues	8,887,519	8,380,110
Expenses:		
General government	13,859	27,925
Area agency on aging	4,508,748	4,169,103
Continuum of care	554,429	546,008
Local government services	498,713	445,234
Workforce development	3,259,787	3,139,990
Total expenses	8,835,536	8,328,260
Change in net position	51,983	51,850
Net position, July 1	437,670	385,820
Net position, June 30	\$ 489,653	\$ 437,670

Governmental Activities. Governmental activities increased the Council's net position by \$57,816, thereby accounting for 100% of the total increase in the net position of the Council. Key elements of this increase are as follows:

- Decrease in the need to utilize local dues to augment program revenues.

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the Council's Funds

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

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

The general fund is the chief operating fund of the Council. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$409,109, while total fund balance of the General Fund was \$436,099. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. General Fund unassigned fund balance represents 14.9% of total expenditures for all funds (excluding pass through expenditures).

At June 30, 2019, the governmental funds of the Council reported a combined fund balance of \$576,616, an approximate 13.2% increase from last year.

Budgetary Highlights. During the fiscal year, the Council revised the budget on several occasions. Generally, budget amendments fall into one of four categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; (3) increases in locally generated funds for planning service contracts and providing training workshops; and (4) decreases of federal and/or State grants due to reversion of under-utilized funds. Total amendments to the Council budget increased revenues by \$2,449,677. The increase was due to several factors:

- a. Hurricane Florence devastated the Cape Fear Region in September 2018, as a result three CFCOG programs were awarded additional funds to assist the region with recovery efforts. The Continuum of Care program received additional funding from the state ESG office to provide startup funding to one of our ESG sub-recipients to begin a new Back@Home program. This program helps residents displaced by natural disasters find and afford housing. The Local Government Services program partnered with the Southeastern Economic Development Commission for an EDA grant to assist local communities with disaster recovery efforts. Lastly Workforce Development received NDWG funding to help clean up the communities and put citizens back to work after the disaster and during recovery.
- b. Local Government Services department also received a Water Quality Planning Grant and partnered with the Town of Fair Bluff to help administer a state grant they received for Hurricane Matthew recovery efforts.
- c. The Aging and Workforce Development Programs saw an increase as a result of higher actual funding allocations than were anticipated when the original budget was prepared.

Approximately 55% of the Council's final budget is for contracted services or pass-through funds to other agencies. Should these agencies not provide the level of services for which they have been contracted, they do not receive reimbursement. Any unliquidated funds for the Workforce Development, Department of Defense and Continuum of Care Programs are carried forward and are available for expenditure in the following year.

Capital Asset and Debt Administration

Capital Assets. The Council's investment in capital assets for its governmental activities as of June 30, 2019, totals \$16,087 (net of accumulated depreciation). These assets include computer network servers, a telephone system and a printer-plotter.

Cape Fear Council of Governments

Management's Discussion and Analysis (Unaudited)

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

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

Economic Factors and Next Year's Budgets and Rates

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

- Despite the fact that much of the region's local economies are still in Hurricane Recovery, economists have guarded optimism for the region's growth. Much of the area has seen a continued rise in the Retiree population and a increase in Hospitality and Leisure employment opportunities. As a result, the Council expects 2019-20 to be a year of strong growth and this should equate to less financial pressure on our local governments. Even with past financial constraints, member units continued to support the Council, and we do not expect that to change. The members have indicated that they will support next year's budget with dues and matching support at the same level as previous years.
- In September 2018, Hurricane Florence made landfall in our region. The Council anticipates more opportunities to apply for additional funding through current Federal and State Grants and possibly apply for new grants to better serve our communities as the recovery effort continues.
- The Council is also exploring other options for increasing revenue other than Hurricane recovery efforts. For example, the CFCOG was awarded Sunny Point Compatible Use Implementation Grant from the Department of Defense for the 19-20 Fiscal Year. As more opportunities present themselves, the CFCOG plans to apply for grants that will benefit our region.
- Since the Council's funding depends on Federal and State grants, the Council's management team will continue to monitor industry updates concerning Federal and State appropriations, and will adjust expenditure and budget projections to reflect any changes to current estimates.

Requests for Information

This report is designed to provide an overview of the Council's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Dawn Tucker, Finance Officer, Cape Fear Council of Governments, 1480 Harbour Drive, Wilmington, NC 28401, dtucker@capefearcog.org, (910) 395-4553, FAX (910) 395-2684.

Cape Fear Council of Governments

**Statement of Net Position
June 30, 2019**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 448,077
Receivables:	
Accounts	77,323
Due from other governmental agencies	926,686
Prepaid costs	38,511
Total current assets	<u>1,490,597</u>
Capital assets, net of depreciation	16,087
Total assets	<u>1,506,684</u>
Deferred Outflows of Resources	
Pension deferrals	220,012
Contributions to pension plan in current fiscal year	83,174
Total deferred outflows of resources	<u>303,186</u>
Liabilities	
Accounts payable and accrued liabilities	874,938
Unearned revenue	44,876
Total current liabilities	<u>919,814</u>
Net pension liability	329,993
Long-term liabilities	68,701
Total liabilities	<u>1,318,508</u>
Deferred Inflows of Resources	
Pension deferrals	1,709
Total deferred inflows of resources	<u>1,709</u>
Net Position	
Net investment in capital assets	16,087
Restricted:	
Stabilization by state statute	1,060,331
Unrestricted (deficit)	(586,765)
Total net position	<u>\$ 489,653</u>

See notes to financial statements.

Cape Fear Council of Governments

Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 13,859	\$ 4,660	\$ 13,407	\$ 4,208
Aging programs	4,508,748	-	4,437,975	(70,773)
Workforce development	3,259,787	-	3,258,051	(1,736)
Continuum of care	554,429	-	558,689	4,260
Local government services	498,713	200,562	190,684	(107,467)
Total governmental activities	\$ 8,835,536	\$ 205,222	\$ 8,458,806	(171,508)
General revenues:				
Local dues				215,589
Investment earnings				7,902
Total general revenues				223,491
Change in net position				51,983
Net position, beginning				437,670
Net position, ending				\$ 489,653

See notes to financial statements.

Cape Fear Council of Governments

Balance Sheet – Governmental Funds
June 30, 2019

	General	Aging Programs	Workforce Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 448,077	\$ -	\$ -	\$ -	\$ 448,077
Receivables:					
Accounts	183	-	-	77,140	77,323
Due from other governmental agencies	5,825	397,814	477,856	45,191	926,686
Due from other funds	-	50,075	-	6,247	56,322
Prepaid items	20,982	-	13,751	3,778	38,511
Total assets	\$ 475,067	\$ 447,889	\$ 491,607	\$ 132,356	\$ 1,546,919
Liabilities, Deferred Inflows of Resources and Fund Balances					
Accounts payable and accrued liabilities	\$ 7,647	\$ 405,732	\$ 421,243	\$ 40,316	\$ 874,938
Due to other funds	29,122	-	19,170	8,030	56,322
Unearned revenue	8,032	17,881	-	18,963	44,876
Total liabilities	44,801	423,613	440,413	67,309	976,136
Fund Balances					
Nonspendable:					
Prepaid items	20,982	-	13,751	3,778	38,511
Restricted:					
Stabilization by state statute	6,008	447,889	477,856	128,578	1,060,331
Unassigned (deficit)	403,276	(423,613)	(440,413)	(67,309)	(528,059)
Total fund balances	430,266	24,276	51,194	65,047	570,783
Total liabilities, deferred inflows of resources and fund balances	\$ 475,067	\$ 447,889	\$ 491,607	\$ 132,356	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					16,087
Net pension liability					(329,993)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position					83,174
Accrued compensated absences are not expenditures and therefore are not reported in the funds					(68,701)
Pension related deferrals					218,303
Net position of governmental activities					\$ 489,653

See notes to financial statements.

Cape Fear Council of Governments

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2019**

	General	Aging Programs	Workforce Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Federal	\$ -	\$ 2,519,733	\$ 3,258,051	\$ 596,235	\$ 6,374,019
State	-	1,994,425	-	21,870	2,016,295
Local	233,656	-	-	410,562	644,218
Other	-	135	-	-	135
Interest	7,902	-	-	-	7,902
Total revenues	241,558	4,514,293	3,258,051	1,028,667	9,042,569
Expenditures					
Current:					
General government	25,161	-	-	-	25,161
Aging programs	-	4,590,611	-	-	4,590,611
Workforce development	-	-	3,258,051	-	3,258,051
Continuum of care	-	-	-	558,689	558,689
Local government services	-	-	-	548,710	548,710
Total expenditures	25,161	4,590,611	3,258,051	1,107,399	8,981,222
Revenues over (under) expenditures	216,397	(76,318)	-	(78,732)	61,347
Other financing sources (uses)					
Transfers in / (out)	(155,050)	76,318	-	78,732	-
Total other financing sources (uses)	(155,050)	76,318	-	78,732	-
Net change in fund balance	61,347	-	-	-	61,347
Fund balance, beginning of year	368,919	24,276	51,194	65,047	509,436
Fund balance, end of year	\$ 430,266	\$ 24,276	\$ 51,194	\$ 65,047	\$ 570,783

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

Net change in fund balances, total governmental funds (above)	\$ 61,347
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which outlays exceed depreciation expense in the current period	212
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	83,174
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense and changes in deferrals	(113,527)
Compensated absences	20,777
Change in net position of governmental activities	\$ 51,983

See notes to financial statements.

Cape Fear Council of Governments

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local			\$ 233,656	
Interest			7,902	
Total revenues	27,000	27,000	241,558	214,558
Expenditures				
Current:				
Pass-through			13,407	
Salaries			219,355	
Fringe			50,457	
Rent			47,821	
Telephone			1,607	
Supplies			14,606	
Postage			453	
Travel/training			8,511	
Dues and subscriptions			7,693	
Data processing			20,885	
Insurance			1,167	
Meeting costs			9,542	
Maintenance			5,914	
Leased equipment			3,639	
Advertising			183	
Audit			1,307	
	447,637	392,600	406,547	(13,947)
Overhead allocation	(420,637)	(365,600)	(381,386)	15,786
Total expenditures	27,000	27,000	25,161	1,839
Revenues over expenditures	-	-	216,397	216,397
Other financing uses				
Operating transfers out	-	-	(155,050)	(155,050)
Revenues over expenditures and other financing uses	\$ -	\$ -	61,347	\$ 61,347
Fund balance, beginning of year			368,919	
Fund balance, end of year			\$ 430,266	

See notes to financial statements.

Cape Fear Council of Governments

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Aging Programs Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 2,519,733	
State			1,994,425	
Other			135	
Total revenues	4,154,279	4,615,411	4,514,293	(101,118)
Expenditures				
Current:				
Pass-through			3,768,065	
Salaries			337,360	
Fringe			118,462	
Rent			16,043	
Professional services			280	
Telephone			4,498	
Supplies			49,964	
Postage			632	
Travel/training			32,635	
Insurance			1,194	
Data processing			5,090	
Meeting costs			5,142	
Maintenance			1,867	
Leased equipment			3,618	
Dues and subscriptions			42,366	
Audit			14,097	
Advertising			43,000	
Overhead allocation			146,298	
Total expenditures	4,154,279	4,615,411	4,590,611	24,800
Revenues under expenditures	-	-	(76,318)	(76,318)
Other financing sources				
Operating transfers in	-	-	76,318	76,318
Revenues under expenditures and other financing sources	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			<u>24,276</u>	
Fund balance, end of year			<u>\$ 24,276</u>	

See notes to financial statements.

Cape Fear Council of Governments

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Workforce Development Programs Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 3,258,051	
Total revenues	3,811,352	5,444,488	3,258,051	(2,186,437)
Expenditures				
Current:				
Pass-through			2,449,838	
Salaries			302,083	
Fringe			100,987	
Rent			184,800	
Telephone			1,036	
Supplies			5,980	
Postage			172	
Travel/training			24,055	
Insurance			854	
Meeting costs			2,747	
Maintenance			8,291	
Utilities			17,100	
Leased equipment			2,891	
Data processing			6,166	
Dues and subscriptions			3,265	
Advertising			5,485	
Audit			13,991	
Overhead allocation			128,310	
Total expenditures	3,811,352	5,444,488	3,258,051	2,186,437
Revenues under expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			<u>51,194</u>	
Fund balance, end of year			<u>\$ 51,194</u>	

See notes to financial statements.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

B. Basis of Presentation and Measurement Focus Basis of Accounting

Basis of Presentation

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

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

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

The Council reports the following major governmental funds:

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The Council reports the following non-major governmental funds:

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

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

Measurement Focus/Basis of Accounting

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

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

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) any capital grants and contributions.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (available is defined as: cash to be received within 90 days after fiscal year-end). Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Budgetary Data

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the fund level for all annually budgeted funds. Amendments are required for any revisions that alter total expenditures of any fund by more than \$5,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

E. Indirect Costs

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

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

Per definition of the Uniform Grant Guidance, the Council is a multi-function entity. The multi-functions include five (5) categories or functions: General Government, Aging Programs, Workforce Development, Local Government Services and Continuum of Care. To comply with the requirements of CFR §200.56, the Council captures all indirect costs into one separate cost pool at the time of expenditure. On a monthly basis, the indirect costs are allocated to each function, and to individual awards and activities within that function, by means of the indirect cost methodology – direct salaries and wages. Each month a percentage relationship is determined between salaries of a particular award or activity and its relation to the total salaries for the Council as a whole. The determined percentage is applied to all indirect costs held in the pool. The indirect costs are then distributed to indirect line-items within each award or activity on that basis.

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

1. Deposits and Investments

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

At June 30, 2019, the carrying amount of the Council's deposits was \$110,061 and the bank balance was \$961,938.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

All of the Council's deposits are either insured or collateralized under the Pooling Method, a system of state-wide single financial institution collateral pools, whereby all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Council, these deposits are considered to be held by the Council's agent in the Council's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Council or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Council under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each Pooling Method depository. Of the bank balance, \$250,000 was covered by federal depository insurance and \$711,938 was covered by collateral held under the Pooling Method. The Board has no formal policy regarding custodial credit risk for deposits, but informally complies with North Carolina General Statute 159-31.

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

The Council's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The Council's investments in the NCCMT Government Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at amortized cost, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost. At June 30, 2018, the Council's investments consisted of \$338,016 and were limited to the NCCMT Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Council has no formal policy regarding credit risk.

2. Cash and Cash Equivalents

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

3. Allowances for Doubtful Accounts

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

4. Prepaid Costs

Prepaid costs consist of various prepaid operational expenses.

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

5. Capital Assets

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

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has two items that meet the criterion for this category in the government-wide financial statements: contributions made to the pension plan in the 2019 fiscal year and other pension related deferrals. In addition to liabilities, the statement of net position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Council has one item that meets the criterion for this category in the government-wide financial statements: pension related deferrals.

7. Compensated Absences

The vacation policies of the Council provide for the accumulation of up to 225 hours earned vacation leave with such leave being fully vested when earned. Upon termination of employment, the entire accumulated vacation leave balance is paid out based on the compensation rate in effect at the date of termination. For the Council's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. At June 30, 2019, the Council had accrued \$68,701 for earned vacation leave. This amount is included in long-term liabilities on the accompanying statement of net position.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund balance types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

9. Pensions

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

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

G. Revenues, Expenditures and Expenses

1. Other Resources

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

Note 2. Detail Notes on All Funds

A. Assets

1. Capital Assets

Capital asset activity for the year ended June 30, 2019, is as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 40,217	\$ 5,785	\$ -	\$ 46,002
Less accumulated depreciation for equipment	24,342	5,573	-	29,915
Governmental activity capital assets, net	<u>\$ 15,875</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 16,087</u>

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

General Government	\$ 3,501
Aging Programs	979
Workforce Development	599
Continuum of Care	56
Local Government Services	438
	<u>\$ 5,573</u>

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

B. Liabilities and Deferred Inflows of Resources

1. Pension Plan Obligations

North Carolina Local Governmental Employees' Retirement System

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

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

Contributions – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Council's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Council's contractually required contribution rate for the year ended June 30, 2019, was 7.75% of compensation, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Council were \$83,174 for the year ended June 30, 2019.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

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

At June 30, 2019, the Council reported a liability of \$329,993 for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018, utilizing update procedures incorporating the actuarial assumptions. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Council's proportion was 0.01391%, which was an increase of approximately 0.0016% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Council recognized pension expense of \$30,353. At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,914	\$ 1,709
Changes in assumptions	87,567	-
Net difference between projected and actual earnings on pension plan investments	45,298	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	36,233	-
Contributions subsequent to the measurement date	83,174	-
	<u>\$ 303,186</u>	<u>\$ 1,709</u>

\$83,174 reported as deferred outflows of resources related to pensions resulting from Council's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2019	\$ 104,586
2020	66,774
2021	16,466
2022	30,477
	<u>\$ 218,303</u>

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

Actuarial Assumptions – The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

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

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

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

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Council's proportionate share of the net pension liability (asset)	\$ 792,671	\$ 329,993	\$ (56,629)

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

2. Unearned Revenue

The balance in unearned revenue at June 30, 2019, which generally consists of money received from the various funding sources in advance, is comprised of the following:

Aging Programs Fund	
Aging administration	\$ 17,881
General Fund	
Charges for services	8,032
Nonmajor Fun	
Local government services	18,963
	<u>\$ 44,876</u>

3. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Compensated absences	\$ 89,478	\$ 8,396	\$ 29,173	\$ 68,701

Cape Fear Council of Governments

Notes to Financial Statements

Note 2. Detail Notes on All Funds (Continued)

C. Interfund Balances and Transfer Activity

All cash accounts are recorded in the general fund and, as a result, interfund receivables and payables exist. Short-term interfund receivables and payables at June 30, 2019, were as follows:

Fund	Receivable	Payable
General Fund	\$ -	\$ 29,122
Aging Programs Fund	50,075	-
Workforce Development Fund	-	19,170
Local Government Services Fund	-	8,030
Continuum of Care Fund	6,247	-
	<u>\$ 56,322</u>	<u>\$ 56,322</u>

Transfer to/from other funds at June 30, 2019 consist of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 155,050
Aging Programs Fund	76,318	-
Local Government Services Fund	78,732	-
	<u>\$ 155,050</u>	<u>\$ 155,050</u>

The General Fund provides the basis of local resources for the special revenue funds. These revenues are transferred to the special revenue funds as needed for operations.

D. Fund Balance

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

Total fund balance - General Fund	\$ 430,266
Less:	
Stabilized by state statute	6,008
Remaining fund balance	<u>\$ 424,258</u>

Cape Fear Council of Governments

Notes to Financial Statements

Note 3. Summary Disclosure of Other Significant Commitments and Contingencies

A. Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Council has general liability and auto liability coverage of \$1,000,000 per occurrence and workers' compensation coverage in accordance with statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation. The Council carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded commercial insurance coverage in any of the past five fiscal years.

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

B. Operating Leases

The Council is committed under an office space lease, which is considered for accounting purposes to be an operating lease. If operational funding is not available for the Council, the Council may vacate the premises and void this lease provided the Council has given 60 days' written notice to the landlord. The Council also has non-cancelable leases for certain office buildings and office equipment. Rent under these leases for the year ended June 30, 2019, amounted to \$269,806. Future minimum lease payments for the office and equipment leases are as follows:

Years ending June 30:	
2020	\$ 266,193
2021	138,934
2022	95,811
2023	97,237
2024	23,705
Thereafter	591
	<u>\$ 622,471</u>

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

C. Federal and State Assisted Programs

The Council has received significant amounts of proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies.

Cape Fear Council of Governments

Notes to Financial Statements

Note 4. Related Party Transactions

During the year ended June 30, 2019, the Council received and recorded dues revenues of approximately \$216,000 from member governments, including Brunswick, Columbus, New Hanover and Pender Counties and the municipalities within their boundaries.

Also during the year ended June 30, 2019, the Council expended the following amounts to member governments, in the form of pass-through monies:

Columbus County	\$ 665,576
New Hanover County	1,280,483
Pender County, directed to Pender Adult Services	559,306
Brunswick County, directed to Brunswick Senior Resources, Inc.	1,218,551
	<u>\$ 3,723,916</u>

Note 5. Pronouncements Issued, Not Yet Implemented

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2019, that have effective dates that may affect future financial presentations.

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

In January 2016, GASB issued GASB Statement Number 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of this Statement are effective for NHRMC beginning with its year ending June 30, 2020.

In June 2017, GASB issued GASB Statement Number 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for agreements that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this Statement will be effective beginning with its year ending June 30, 2021.

In June 2018, GASB issued GASB Statement Number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. The provisions of this Statement will be effective beginning with its year ending June 30, 2021.

In August 2018, GASB issued GASB Statement Number 90, *Majority Equity Interests*, which clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. The provisions of this Statement will be effective with its year ending June 30, 2020.

In May 2019, GASB issued GASB Statement Number 91, *Conduit Debt Obligations*, which eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The provisions of this statement will be effective with its year ending June 30, 2022.

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Required Supplementary Information

Cape Fear Council of Governments

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

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Council's proportion of the net pension liability (asset) (%)	0.01391%	0.01236%	0.01273%	0.01163%	(0.00926%)	0.00900%
Council's proportion of the net pension liability (asset) (\$)	\$ 329,993	\$ 188,827	\$ 270,174	\$ 52,195	\$ (54,611)	\$ 108,485
Council's covered-employee payroll	\$ 1,003,627	\$ 939,503	\$ 965,255	\$ 930,506	\$ 728,226	\$ 798,127
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.88%	20.10%	27.99%	5.61%	-7.50%	13.59%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Cape Fear Council of Governments

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

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 83,174	\$ 75,272	\$ 68,114	\$ 64,383	\$ 65,786	\$ 51,486
Contributions in relation to the contractually required contribution	83,174	75,272	68,114	64,383	65,786	51,486
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Council's covered-employee payroll	\$ 1,073,213	\$ 1,003,627	\$ 939,503	\$ 965,255	\$ 930,506	\$ 728,226
Contributions as a percentage of covered-employee payroll	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

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

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Supplementary Information

Cape Fear Council of Governments

**Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2019**

	Continuum of Care Fund	Local Government Services	Total Nonmajor Governmental Funds
Assets			
Receivables:			
Accounts	\$ -	\$ 77,140	\$ 77,140
Due from other governmental agencies	45,191	-	45,191
Due from other funds	6,247	-	6,247
Prepaid items	3,778	-	3,778
Total assets	\$ 55,216	\$ 77,140	\$ 132,356
Liabilities, Deferred Inflows of Resources and Fund Balances			
Accounts payable and accrued liabilities	\$ 25,386	\$ 14,930	\$ 40,316
Due to other funds	-	8,030	8,030
Unearned revenue	-	18,963	18,963
Total liabilities	25,386	41,923	67,309
Fund Balances			
Nonspendable:			
Prepaid items	3,778	-	3,778
Restricted:			
Stabilization by state statute	51,438	77,140	128,578
Unassigned (deficit)	(25,386)	(41,923)	(67,309)
Total fund balances	29,830	35,217	65,047
Total liabilities, deferred inflows of resources and fund balances	\$ 55,216	\$ 77,140	\$ 132,356

Cape Fear Council of Governments

**Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2019**

	Continuum of Care Fund	Local Government Services	Total Nonmajor Governmental Funds
Revenues			
Federal	\$ 348,689	\$ 247,546	\$ 596,235
State	-	21,870	21,870
Local	210,000	200,562	410,562
Total revenues	558,689	469,978	1,028,667
Expenditures			
Current:			
Continuum of care	558,689	-	558,689
Local government services	-	548,710	548,710
Total expenditures	558,689	548,710	1,107,399
Revenues over (under) expenditures	-	(78,732)	(78,732)
Other financing sources (uses)			
Transfers in / (out)	-	78,732	78,732
Total other financing sources (uses)	-	78,732	78,732
Net change in fund balance	-	-	-
Fund balance, beginning of year	29,830	35,217	65,047
Fund balance, end of year	\$ 29,830	\$ 35,217	\$ 65,047

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Nonmajor Continuum of Care Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal:				
Department of Housing and Urban Development Emergency Solutions Grant			\$ 348,689	
Local:				
Other			210,000	
Total revenues	466,609	626,747	558,689	(68,058)
Expenditures				
Current:				
Salaries			60,835	
Fringe			21,374	
Rent			1,572	
Telephone			390	
Supplies			344	
Postage			85	
Travel/training			6,072	
Insurance			341	
Data processing			1,322	
Temporary services			-	
Meeting costs			146	
Maintenance			180	
Leased equipment			1,632	
Dues and subscriptions			-	
Advertising			820	
Audit			2,145	
Professional services			1,258	
Contracts and sub grants			436,041	
Overhead allocation			24,132	
Total expenditures	466,609	626,747	558,689	68,058
Revenues under expenditures	-	-	-	-
Other financing sources				
Operating transfers in	-	-	-	-
Revenues under expenditures and other financing sources	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			29,830	
Fund balance, end of year			<u>\$ 29,830</u>	

Cape Fear Council of Governments

**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Nonmajor Local Government Services Fund
Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal:				
Highway Planning and Construction			\$ 98,184	
Department of Defense				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies			140,173	
Environmental Protection Agency				
Water Quality Planning			6,617	
Department of Commerce				
EDA Disaster Recovery Grant			2,572	
State:				
N.C. Office of State Budget & Management				
Recovery Grant: Matthew			21,870	
Local:				
Contract revenue			200,562	
Total revenues	604,368	799,639	469,978	(329,661)
Expenditures				
Current:				
Salaries			209,463	
Fringe			54,991	
Rent			6,264	
Telephone			920	
Supplies			2,647	
Postage			76	
Travel/training			14,887	
Insurance			1,024	
Data processing			10,577	
Meeting costs			721	
Maintenance			696	
Leased equipment			1,527	
Dues and subscriptions			3,528	
Advertising			63	
Audit			2,161	
Professional services			156,519	
Overhead allocation			82,646	
Total expenditures	604,368	799,639	548,710	250,929
Revenues under expenditures	-	-	(78,732)	(78,732)
Other financing sources				
Operating transfers in			78,732	78,732
Revenues under expenditures and other financing sources	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			<u>35,217</u>	
Fund balance, end of year			<u><u>\$ 35,217</u></u>	

Cape Fear Council of Governments

Combining Balance Sheet by Program – Aging Programs Fund
June 30, 2019

	Aging Administration Title III B & C	Ombudsman Program	Family Caregiver Support	Other Aging Programs	Total
Assets					
Receivables:					
Due from other governmental agencies	\$ 348,411	\$ 5	\$ 49,398	\$ -	\$ 397,814
Due from other funds	47,252	1,211	978	634	50,075
Total assets	\$ 395,663	\$ 1,216	\$ 50,376	\$ 634	\$ 447,889
Liabilities and Fund Balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 353,506	\$ 1,216	\$ 50,376	\$ 634	\$ 405,732
Due to other governmental agencies	-	-	-	-	-
Unearned revenue	17,881	-	-	-	17,881
Total liabilities	371,387	1,216	50,376	634	423,613
Fund Balances					
Spendable:					
Restricted:					
For aging programs	395,663	1,216	50,376	634	447,889
Unassigned	(371,387)	(1,216)	(50,376)	(634)	(423,613)
Total fund balances	24,276	-	-	-	24,276
Total liabilities and fund balances	\$ 395,663	\$ 1,216	\$ 50,376	\$ 634	\$ 447,889

Cape Fear Council of Governments

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances by Program
 Aging Programs Fund
 Year Ended June 30, 2019

	Aging Administration Title III B & C	Ombudsman Program	Family Caregiver Support	Other Aging Programs	Total
Revenues					
Federal	\$ 1,875,278	\$ 141,385	\$ 266,831	\$ 236,239	\$ 2,519,733
State	1,480,396	38,259	17,789	457,981	1,994,425
Other	135	-	-	-	135
Total revenues	3,355,809	179,644	284,620	694,220	4,514,293
Expenditures					
Current:					
Pass-through	3,573,924	-	147,603	46,538	3,768,065
Administration:					
Title III	265,556	-	-	-	265,556
Ombudsman	-	199,606	-	-	199,606
Family Caregiver Support	-	-	137,347	-	137,347
Other Aging Programs	-	-	-	220,037	220,037
Total expenditures	3,839,480	199,606	284,950	266,575	4,590,611
Revenues over (under) expenditures	(483,671)	(19,962)	(330)	427,645	(76,318)
Other financing sources (uses)					
Operating transfers in (out)	483,671	19,962	330	(427,645)	76,318
Revenues under expenditures and other financing sources	-	-	-	-	-
Fund balance, beginning of year	24,276	-	-	-	24,276
Fund balance, end of year	\$ 24,276	\$ -	\$ -	\$ -	\$ 24,276

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Aging Administration Title III B & C Programs
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 1,875,278	
State			1,480,396	
Other			135	
Total revenues	3,105,908	3,860,222	3,355,809	(504,413)
Expenditures				
Current:				
Pass-through			3,573,924	
Salaries			121,514	
Fringe			36,316	
Rent			7,800	
Professional services			215	
Telephone			831	
Supplies			21,552	
Postage			290	
Travel/training			6,719	
Insurance			512	
Data processing			2,290	
Meeting costs			494	
Maintenance			943	
Leased equipment			1,305	
Dues and subscriptions			644	
Audit			5,776	
Overhead allocation			58,355	
Total expenditures	3,105,908	3,860,222	3,839,480	20,742
Revenues under expenditures	-	-	(483,671)	(483,671)
Other financing sources				
Operating transfers in	-	-	483,671	483,671
Revenues under expenditures and other financing sources	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			24,276	
Fund balance, end of year			\$ 24,276	

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – Ombudsman Program
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 141,385	
State			38,259	
Total revenues	162,569	200,684	179,644	(21,040)
Expenditures				
Current:				
Salaries			93,474	
Fringe			38,165	
Rent			4,128	
Professional services			-	
Telephone			2,290	
Supplies			2,233	
Postage			133	
Travel/training			12,271	
Insurance			341	
Data processing			1,174	
Meeting costs			350	
Maintenance			456	
Leased equipment			1,186	
Dues and subscriptions			404	
Audit			665	
Overhead allocation			42,336	
Total expenditures	162,569	200,684	199,606	1,078
Revenues under expenditures	-	-	(19,962)	(19,962)
Other financing sources				
Operating transfers in	-	-	19,962	19,962
Revenues under expenditures and other financing sources	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Family Caregiver Support
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 266,831	
State			17,789	
Total revenues	257,567	286,489	284,620	(1,869)
Expenditures				
Current:				
Pass-through			147,603	
Salaries			56,703	
Fringe			20,737	
Rent			2,111	
Professional services			-	
Telephone			285	
Supplies			21,493	
Postage			73	
Travel/training			3,651	
Insurance			170	
Data processing			1,049	
Meeting costs			4,227	
Maintenance			240	
Leased equipment			824	
Dues and subscriptions			263	
Audit			767	
Overhead allocation			24,754	
Total expenditures	257,567	286,489	284,950	1,539
Revenues under expenditures	-	-	(330)	(330)
Other financing uses				
Operating transfers out	-	-	330	(330)
Revenues under expenditures and other financing uses	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

Cape Fear Council of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Other Aging Programs
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Federal			\$ 236,239	
State			457,981	
Total revenues	628,235	268,015	694,220	426,205
Expenditures				
Current:				
Pass-through:				
Operation Fan			4,825	
Senior Center Outreach			41,713	
Salaries			65,669	
Fringe			23,244	
Rent			2,004	
Professional services			65	
Telephone			1,092	
Supplies			4,686	
Postage			136	
Travel/training			9,994	
Insurance			171	
Data processing			577	
Meeting costs			71	
Maintenance			228	
Leased equipment			303	
Dues and subscriptions			41,055	
Audit			6,889	
Advertising			43,000	
Overhead allocation			20,853	
Total expenditures	628,235	268,015	266,575	1,440
Revenues over expenditures	-	-	427,645	427,645
Other financing uses				
Operating transfers out	-	-	(427,645)	(427,645)
Revenues over expenditures and other financing uses	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

Cape Fear Council of Governments

Schedule of Drawdowns and Expenditures – Workforce Development Fund
 Budget and Actual – Workforce Development Programs
 Year Ended June 30, 2019

Funding Source	Funding Level	Drawdowns		
		Prior to July 1, 2018	Fiscal Year June 30, 2019	Available June 30, 2019
16-2010-33	\$ 290,042	\$ (290,042)	\$ -	\$ -
17-2010-33	343,483	(250,522)	(92,961)	-
18-2010-33	304,694	-	(146,508)	158,186
	938,219	(540,564)	(239,469)	158,186
16-2020-33	896,422	(895,801)	(621)	-
17-2020-33	1,097,523	(854,904)	(242,720)	(101)
18-2020-33	986,176	-	(375,280)	610,896
	2,980,121	(1,750,705)	(618,621)	610,795
16-2030-33	760,517	(760,517)	-	-
17-2030-33	829,497	(535,588)	(293,423)	486
18-2030-33	733,441	-	(214,203)	519,238
	2,323,455	(1,296,105)	(507,626)	519,724
16-2040-33	953,443	(953,443)	-	-
17-2040-33	1,164,334	(824,960)	(339,374)	-
18-2040-33	1,022,625	-	(315,032)	707,593
	3,140,402	(1,778,403)	(654,406)	707,593
18-3110	150,000	-	(96,037)	53,963
18-3130	850,000	-	(850,000)	-
	1,000,000	-	(946,037)	53,963
Statewide	599,668	(23,408)	(291,892)	284,368
	599,668	(23,408)	(291,892)	284,368
Total	\$ 10,981,865	\$ (5,389,185)	\$ (3,258,051)	\$ 2,334,629

Expenditures				
Prior to July 1, 2018	Fiscal Year June 30, 2019	Draws (Over)/Under Expenditures	Due From Grantor June 30, 2019	Deferred Revenue June 30, 2019
\$ 290,042	\$ -	\$ -	\$ -	\$ -
250,541	92,942	-	-	-
-	146,508	-	-	-
540,583	239,450	-	-	-
896,422	-	-	-	-
854,904	242,720	-	-	-
-	375,280	-	-	-
1,751,326	618,000	-	-	-
760,517	-	-	-	-
535,588	293,423	-	-	-
-	214,203	-	-	-
1,296,105	507,626	-	-	-
953,443	-	-	-	-
824,567	339,767	-	-	-
-	315,032	-	-	-
1,778,010	654,799	-	-	-
-	68,420	(27,617)	-	-
-	877,617	27,617	-	-
-	946,037	-	-	-
23,161	292,139	-	-	-
23,161	292,139	-	-	-
\$ 5,389,185	\$ 3,258,051	\$ -	\$ -	\$ -

Cape Fear Council of Governments

**Schedule of Indirect Costs
For the Year Ended June 30, 2019**

		FY 2019 Actual Cost
<hr/>		
Total Indirect Annual Salaries		\$ 219,355
Total Indirect Fringe Benefits at 23.00% of Salary		50,457
Travel		8,511
Occupancy Costs		47,821
Operating Expense		55,242
Total Indirect Expenditures		<u>\$ 381,386</u>
Total Personnel Costs	\$ 1,475,367	
Less Total Indirect Salaries	(219,355)	
Less Total Indirect Fringe Benefits	(50,457)	
Total Direct Personnel Costs	<u>\$ 1,205,555</u>	
Indirect Rate Calculation		
<u>Total Indirect Expenditures</u>	=	<u>\$ 381,386</u>
Total Direct Personnel Costs		\$ 1,205,555
		31.64%

Cape Fear Council of Governments

**Schedule of Fringe Benefits
For the Year Ended June 30, 2019**

		FY 2019 Actual Cost
Total Annual Salaries		<u>\$ 1,129,096</u>
FICA		\$ 83,948
LGERS Retirement		83,174
Supplemental Retirement		8,650
Group Insurance		165,807
Workers' Comp		3,026
Unemployment Insurance		<u>1,666</u>
Total Fringe Benefits		<u>\$ 346,271</u>
Fringe Benefit Rate Calculation		
<u>Total Fringe Benefits</u>	=	<u>\$ 346,271</u>
Total Annual Salaries		\$ 1,129,096
		30.67%
Total Annual Salaries		\$ 1,129,096
Total Fringe Benefits		<u>346,271</u>
Total Personnel Cost		<u>\$ 1,475,367</u>

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Compliance Section

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RSM US LLP

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

Independent Auditor's Report

To the Executive Committee
Cape Fear Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities each major fund, and the aggregate remaining fund information of Cape Fear Council of Governments (the Council) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated October 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency (2019-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Council's Responses to Finding

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

Purpose of this Report

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

RSM US LLP

October 31, 2019



RSM US LLP

**Report on Compliance
for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

To the Executive Committee
Cape Fear Council of Governments

Report on Compliance for Each Major Federal Program

We have audited Cape Fear Council of Governments' (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2019. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The Council's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Council's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-002 that we consider to be a significant deficiency.

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

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

RSM US LLP

October 31, 2019



RSM US LLP

**Report on Compliance
for the Major State Program and
Report on Internal Control Over Compliance
Required by the State Single Audit Act**

Independent Auditor's Report

To the Executive Committee
Cape Fear Council of Governments

Report on Compliance for the Major State Program

We have audited Cape Fear Council of Governments' (the Council) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on the Council's major state program for the year ended June 30, 2019. The Council's major State program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

The Council's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Council's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003.

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

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

RSM US LLP

October 31, 2019

Cape Fear Council of Governments

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

		Unmodified	
	Yes	X	No
	Yes		None Reported
Noncompliance material to financial statements noted?	Yes	X	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

	Yes	X	No
	Yes		None Reported

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

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

Identification of major federal programs:

		Unmodified	
	Yes		No

CFDA Number	Program Name
WIA Cluster	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Workers
17.277	National Dislocated Worker Grant: Hurricane Florence
Aging Cluster	
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services
93.053	Nutrition Services Incentive Program

(Continued)

Cape Fear Council of Governments

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019**

Section II – Financial Statement Findings

Finding 2019-001:

Significant Deficiency in Internal Control – Segregation of Duties

Criteria:	Duties should be segregated to provide reasonable assurance that transactions are handled properly.
Condition:	There are inherent limitations in the effectiveness of the internal controls due to the lack of segregation of duties among the Council's personnel. General ledger functions, in some circumstances, may not be properly segregated from the origination of entries.
Effect:	Transactions may not be subject to review by someone not involved with their origination, and errors or irregularities may be more likely to occur without being detected.
Cause/Context:	Due to budgetary constraints, there is a limited number of personnel in certain functions.
Identification of a repeat finding:	This is a repeat of finding 2018-001 from the immediate previous audit.
Recommendation:	The duties should continue to be separated as much as possible and alternative controls implemented as practical. The governing board may continue to provide some of these controls.
Views of responsible officials:	Refer to the Corrective Action Plan

(Continued)

Cape Fear Council of Governments

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019**

Section III – Federal Award Findings and Questioned Costs

Finding 2019-002:

Significant Deficiency in Internal Control over Compliance – Segregation of Duties

CFDAs 17.258, 17.259 and 17.278

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

CFDAs 93.044, 93.045 and 93.053

Compliance requirements = A, B, G, J, M and N.

CFDA 17.277

Compliance requirements = A, B, C, H, L and M.

The limited size of the Council's staff, as described in Finding 2019-001 under Government Auditing Standards findings, also applies to the Council's major federal awards (repeat finding).

Questioned Cost: None identified.

Section IV – State Award Findings and Questioned Costs

Finding 2019-003:

Significant Deficiency in Internal Control over Compliance – Segregation of Duties

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

Ombudsman

Access

InHome/Support Services

Home Delivered Meals

Congregate Meals

Legal

Project CARE

Senior Center Development

Operation Fan

The limited size of the Council's staff, as described in Finding 2019-001 under Government Auditing Standards findings, also applies to the Council's major state award (repeat finding).

Questioned Cost: None identified.

Serving Local Government in:

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

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

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

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

- Affiliate Members**
Holly Ridge
North Topsail Beach



Corrective Action Plan

Year Ended June 30, 2019

Financial Statement Findings

Finding 2019-001:

Significant Deficiency in Internal Control – Segregation of Duties

Condition: Lack of segregation of duties.

Contact Person: Finance Director

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

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

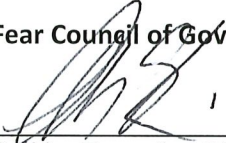
Federal Award Findings and Questioned Costs

See Corrective Action Plan for Finding 2019-001

State Award Findings and Questioned Costs

See Corrective Action Plan for Finding 2019-001

Cape Fear Council of Governments



Allen Serkin, Executive Director



Dawn Tucker, Finance Director

**Serving Local
Government in:**

**Brunswick
County**

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

**Columbus
County**

Boardman
Bolton
Brunswick
Cerro Gordo
Chadbourn
Fair Bluff
Lake Waccamaw
Sandyfield
Tabor City
Whiteville

**New Hanover
County**

Carolina Beach
Kure Beach
Wilmington
Wrightsville Beach

**Pender
County**

Atkinson
Burgaw
St. Helena
Surf City
Topsail Beach
Wallace
Watha

**Affiliate
Members**

Holly Ridge
North Topsail Beach

**PROGRESS
THROUGH
COOPERATION**

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2019

Financial Statement Findings


Finding 2018-001, 2018-04, 2018-05:

Status: Duties are being separated as much as possible. Repeat findings in current year as findings 2019-001; 2019-02; and 2019-003

Finding 2018-002 and 2018-003:

Status: The Council implemented year end close out procedural changes that included a fund balance roll forward and management review of general ledger.

Cape Fear Council of Governments



Allen Serkin, Executive Director



Dawn Tucker, Finance Director

Cape Fear Council of Governments

**Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
Federal Awards					
<u>U.S. Department of Health and Human Services</u>					
Passed-through the N.C. Department of Health and Human Services – Division of Aging Adult Services Aging Cluster: (93.044, 93.045 & 93.053):					
Special Programs for the Aging – Title III B Ombudsman	93.044	NC-15	\$ 113,111	\$ 6,654	\$ 112,671
Legal			23,871	1,404	-
Access			278,628	16,390	277,462
In-home/Support Services			414,533	24,973	439,506
Special Programs for the Aging – Title III C Congregate meals	93.045	NC-15	506,382	29,787	498,980
Home-delivered meals			458,300	26,959	451,573
Nutrition Services Incentive Program (NSIP)	93.053	NC-15	223,830	-	223,830
Total Aging Cluster			2,018,655	106,167	2,004,022
Money Follows the Person Rebalancing Demonstration	93.791	NC-15	4,075	-	-
Special Programs for the Aging – Title III D and F Preventive health	93.043	NC-15	90,365	2,404	-
Social Services Block Grant In-home	93.667	NC-15	99,123	2,832	63,044
Elder Abuse Prevention Title III Elder Abuse	93.041	NC-15	6,909	406	-

(Continued)

Cape Fear Council of Governments

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
Special Programs for the Aging – Title VII E Ombudsman	93.042	NC-15	\$ 28,275	\$ 1,663	\$ 28,146
National Family Caregiver Support Program Family Caregiver Services	93.052	NC-15	266,831	17,789	147,603
Total Family Caregiver Services			266,831	17,789	147,603
Passed-through the N.C. Department of Insurance Senior's Health Insurance Information Program	93.048	NC-15	5,500	-	-
Total U.S. Department of Health and Human Services			2,519,733	131,261	2,242,815
<u>U.S. Department of Labor</u>					
Passed-through the N.C. Department of Commerce – Division of Employment and Training National Dislocated Worker Grant: Hurricane Florence Workforce Investment and Opportunity Act Cluster: (17.258, 17.259, 17.278)	17.277	NC-33	946,037	-	877,617
WIA Adult Program	17.258	NC-33	618,000	-	497,419
WIA Adult Program (2010 Administration)	17.258	NC-33	71,817	-	57,804
WIA Youth Activities	17.259	NC-33	654,799	-	488,759
WIA Youth Activities (2010 Administration)	17.259	NC-33	76,095	-	56,799
WIA Dislocated Workers	17.278	NC-33	772,234	-	397,031
WIA Dislocated Workers (2010 Administration)	17.278	NC-33	91,538	-	47,063
WIA Innovations Grant	17.259	NC-33	12,097	-	12,096
WIA Dislocated Workers Finish Line Grant	17.278	NC-33	15,434	-	15,250
Total Workforce Cluster			2,312,014	-	1,572,221
Total U.S. Department of Labor			3,258,051	-	2,449,838
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Department of Health and Human Services Emergency Solutions Grant	14.231	NC-15	348,689	-	311,042
<u>U.S. Department of Defense</u>					
Direct funding: Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610		140,173	-	-

(Continued)

Cape Fear Council of Governments

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
<u>U.S. Department of Commerce</u>					
Direct funding:					
EDA Disaster Recovery Grant	11.307		\$ 2,572	\$ -	\$ -
<u>U.S. Environmental Protection Agency</u>					
Passed-through the N.C. Department of Environmental Quality, Division of Water Resources					
Water Quality Planning Grant	66.454	NC-15	6,617	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation					
Highway Planning and Construction (Federal- Aid Highway Program)	20.205	NC-15	98,184	-	-
State Awards					
<u>N.C. Department of Health and Human Services</u>					
Direct funding:					
Division of Aging					
Ombudsman 90% State funds	-	NC-11	-	29,941	28,145
Access – 90% State funds	-	NC-12	-	215,667	202,825
In-home/Support Services – 90% State funds	-	NC-13	-	873,630	821,630
Home-delivered meals – 90% State funds	-	NC-14	-	281,526	261,978
Title III P&A/AAA Administration	-	NC-15	-	258,343	-
Project CARE	-	NC-15	-	103,000	41,711
Senior Center Development	-	NC-15	-	96,233	96,233
Operation Fan	-	NC-15	-	4,824	4,824
Total N.C. Department of Health and Human Services			-	1,863,164	1,457,346
<u>N.C. Office of State Budget & Management</u>					
Direct funding:					
Recovery Grant: Matthew	-	NC-15	-	21,870	-
Total assistance expended			\$ 6,374,019	\$ 2,016,295	\$ 6,461,041

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

Cape Fear Council of Governments

**Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019**

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Federal and State awards have been passed-through to subrecipients as follows for the year ended June 30, 2019:

Subrecipient	Program Name	Federal CFDA/ State Pass-Through Number	Federal Amount		Total
			Federal Amount	State Amount	Federal and State Amount
Brunswick Senior Resources, Inc.	LTC Ombudsman Services for Older Individuals -Title VII Chapter II	93.042	\$ 8,825	\$ 519	\$ 9,344
Columbus County Dept. of Aging	LTC Ombudsman Services for Older Individuals -Title VII Chapter II	93.042	4,565	269	4,834
New Hanover County Dept. of Aging	LTC Ombudsman Services for Older Individuals -Title VII Chapter II	93.042	9,127	537	9,664
Pender Adult Services	LTC Ombudsman Services for Older Individuals -Title VII Chapter II	93.042	3,786	223	4,009
Legal Services of the Lower Cape Fear	LTC Ombudsman Services for Older Individuals -Title VII Chapter II	93.042	279	16	295
Brunswick Senior Resources, Inc.	Special Programs for the Aging-Title III B	93.044	260,152	364,765	624,917
Columbus County Dept. of Aging	Special Programs for the Aging-Title III B	93.044	134,569	188,698	323,267
New Hanover County Dept. of Aging	Special Programs for the Aging-Title III B	93.044	269,014	377,221	646,235
Pender Adult Services	Special Programs for the Aging-Title III B	93.044	111,584	156,468	268,052
Legal Services of the Lower Cape Fear	Special Programs for the Aging-Title III B	93.044	8,229	11,539	19,768
Brunswick Senior Resources, Inc.	Special Programs for the Aging-Title III C	93.045	301,214	105,618	406,832
Columbus County Dept. of Aging	Special Programs for the Aging-Title III C	93.045	155,822	54,638	210,460
New Hanover County Dept. of Aging	Special Programs for the Aging-Title III C	93.045	311,500	109,225	420,725
Pender Adult Services	Special Programs for the Aging-Title III C	93.045	129,207	45,306	174,513
Columbus County Dept. of Aging	Social Services Block Grant In-home Support	93.667	16,011	457	16,468
New Hanover County Dept. of Aging	Social Services Block Grant In-home Support	93.667	32,007	914	32,921
Pender Adult Services	Social Services Block Grant In-home Support	93.667	13,276	379	13,655
Brunswick Senior Resources, Inc.	Family Caregiver Services	93.052	36,780	-	36,780
Columbus County Dept. of Aging	Family Caregiver Services	93.052	30,823	-	30,823
New Hanover County Dept. of Aging	Family Caregiver Services	93.052	36,000	-	36,000
Pender Adult Services	Family Caregiver Services	93.052	44,000	-	44,000
Brunswick Senior Resources, Inc.	Nutrition Services Incentive Program	93.053	99,049	-	99,049
Columbus County Dept. of Aging	Nutrition Services Incentive Program	93.053	32,368	-	32,368
New Hanover County Dept. of Aging	Nutrition Services Incentive Program	93.053	78,163	-	78,163
Pender Adult Services	Nutrition Services Incentive Program	93.053	14,250	-	14,250
Brunswick Senior Resources, Inc.	Senior Center Outreach and General Purpose	NC-15	-	53,342	53,342
Columbus County Dept. of Aging	Senior Center Outreach and General Purpose	NC-15	-	31,570	31,570
New Hanover County Dept. of Aging	Senior Center Outreach and General Purpose	NC-15	-	25,899	25,899
Pender Adult Services	Senior Center Outreach and General Purpose	NC-15	-	27,133	27,133
Brunswick Senior Resources, Inc.	FANS	NC-15	-	811	811
Columbus County Dept. of Aging	FANS	NC-15	-	1,035	1,035
New Hanover County Dept. of Aging	FANS	NC-15	-	2,000	2,000
Pender Adult Services	FANS	NC-15	-	979	979
Aging Programs Pass-Through			2,140,600	1,559,561	3,700,161

(Continued)

Cape Fear Council of Governments

Notes to the Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2019

Note 2. Subrecipients (Continued)

Subrecipient	Program Name	Federal CFDA/ State Pass-Through Number	Federal Amount	State Amount	Total
					Federal and State Amount
Southeastern Community College	WIA Adult Program – 2020	17.258	\$ 133,101	\$ -	\$ 133,101
Step Up Wilmington	WIA Adult Program – 2020	17.258	75,262	-	75,262
Education Data Systems	WIA Adult Program – 2020	17.258	346,860	-	346,860
Southeastern Community College	WIA Youth Activities – 2040	17.259	128,511	-	128,511
Education Data Systems	WIA Youth Activities – 2040	17.259	287,334	-	287,334
Telemon Corporation	WIA Youth Activities – 2040	17.259	78,059	-	78,059
Step Up Wilmington	WIA Youth Activities – 2040	17.259	51,654	-	51,654
Education Data Systems	WIA Dislocated Workers – 2030	17.278	346,491	-	346,491
Southeastern Community College	WIA Dislocated Workers – 2030	17.278	97,603	-	97,603
Education Data Systems	WIA Statewide Activities – 4050	17.278	2,550	-	2,550
Southeastern Community College	WIA Statewide Activities – 4050	17.278	3,926	-	3,926
Cape Fear Community College	WIA Statewide Activities – 4050	17.278	8,774	-	8,774
Brunswick Community College	WIA Statewide Activities – 4050	17.259	12,096	-	12,096
Education Data Systems	WIA Hurricane Florence – 3130	17.277	604,766	-	604,766
Southeastern Community College	WIA Hurricane Florence – 3130	17.277	272,851	-	272,851
Workforce Development Programs Pass-Through			2,449,838	-	2,449,838
Family Promise of the Lower Cape Fear	Emergency Solutions Grant	14.231	74,065	-	74,065
First Fruit Ministries	Emergency Solutions Grant	14.231	158,554	-	158,554
Good Shepherd Center	Emergency Solutions Grant	14.231	62,783	-	62,783
MI Coalition Against Homelessness	Emergency Solutions Grant	14.231	15,640	-	15,640
Continuum of Care Programs Pass-Through			311,042	-	311,042
Total Federal and State Awards Passed-Through to Subrecipients			\$ 4,901,480	\$ 1,559,561	\$ 6,461,041
Columbus County Dept. of Aging	Donations from the National and SE Regional Associations	N/A	\$ -	\$ 3,083	\$ 3,083
New Hanover County Dept. of Aging	Donations from the National and SE Regional Associations	N/A	-	5,551	5,551
Pender Adult Services	Donations from the National and SE Regional Associations	N/A	-	3,040	3,040
Brunswick Senior Resources, Inc.	Donations from the National and SE Regional Associations	N/A	-	1,733	1,733
General Fund Pass-Through to Subrecipients			\$ -	\$ 13,407	\$ 13,407